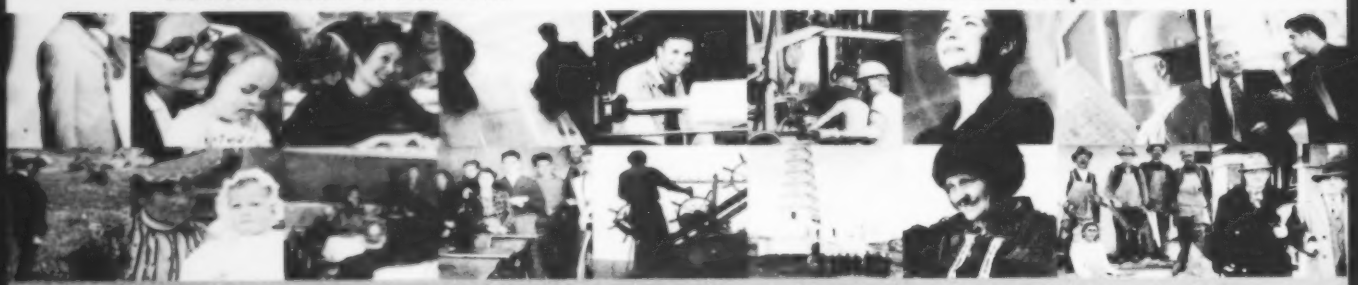
Government of Alberta 2005 - 06 Annual Report



Report to Albertans on Budget 2005

Alberta

This is the report to Albertans on **BUDGET 2005** Investing in the Next Alberta. It is a permanent public record of ALL the dollars spent and the results achieved by the Government of Alberta for the 2005-06 fiscal year.

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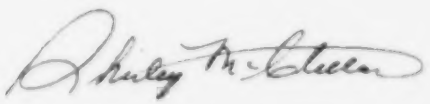
ACCOUNTABILITY STATEMENT

The government's Annual Report for the year ended March 31, 2006 was prepared under my direction on behalf of the government in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at June 19, 2006 with material economic or fiscal implications have been considered in the preparation of the Annual Report.



Shirley McClellan
Minister of Finance

2005 BUDGET

Investing in the Next Alberta

A MESSAGE FROM THE MINISTER OF FINANCE

The past year marked a new era for Alberta as we began the Province's second century. With accumulated debt retired in the previous year, we were able to celebrate Alberta's 100th anniversary with investments in key areas, helping to build the Next Alberta. We were able to spend wisely, save for tomorrow, and give back to Albertans.

In 2005-06, the Government of Alberta reinforced advanced education as one of our top priorities, recognizing that a well-educated workforce is an important key to continued growth in the Province's future. Substantial investments improved access to and affordability of post-secondary education. An advanced education endowment was established and Scholarship Fund assets were increased.

We also made significant investments in basic education, allowing schools to hire new teachers and providing support for local initiatives to improve student learning and performance. In total, support for basic and advanced education increased 8.4 per cent, or $533 million.

The government supported new projects to reduce wait times and improve access to health services. Funding for health care increased 7.2 per cent, or $653 million, and accounted for about 36 per cent, or $9.7 billion, of the Province's total expense.

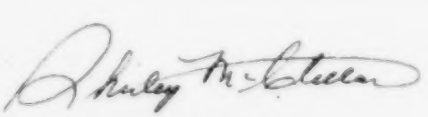
The Government of Alberta made significant contributions to savings. The Heritage Fund's value was increased by more than $2 billion, with a $1 billion deposit, $382 million added for inflation proofing and $750 million added to establish the advanced education endowment. Another $550 million was deposited into endowments for scholarships, medical research, and science and engineering research.

We also gave back to Albertans. In January, $1.3 billion was provided to Albertans through the *Alberta 2005 Resource Rebate*.

Alberta's increasingly diverse economy – in manufacturing, agriculture and services – contributed to strong employment growth. Albertans benefited from nearly 27,000 new jobs in the past year and the lowest unemployment rate in the country.

We also continued to enjoy the highest disposable incomes per capita and the lowest overall tax burdens in Canada. Indexation of the personal tax system protected taxpayers from paying higher taxes due to inflation, and enhancements to the Alberta Family Employment Tax Credit provided more benefits for working families.

Albertans celebrated their centennial year free from the burden of accumulated debt. For years we had envisioned what a debt-free Alberta could be and in the past year we were able to start shaping it. A well-educated workforce, healthy Albertans, a strong fiscal footing – this is the Next Alberta.



Shirley McClellan
Minister of Finance

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 ministries.

This annual report of the Government of Alberta contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and the Measuring Up report, which compares actual performance results to desired results set out in the government's business plan.

The annual reports of ministries, released in the fall of each year, contain Ministers' accountability statements, the audited consolidated financial statements of the ministries and a comparison of actual performance results to desired results set out in the ministries' business plans. Each ministry annual report also includes:

- financial statements of entities making up the ministry including departments (all departments combined form the General Revenue Fund), regulated funds, provincial agencies and Crown-controlled corporations,
- other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of financial statements, to the extent that the ministry has anything to report, and
- financial information relating to accountable organizations and trust funds.

Executive Summary

Government of Alberta
Annual Report 2005-06

The Government of Alberta Annual Report consists of two parts:

- ***Consolidated Financial Statements***, which provide an overall accounting of the Government's revenue and spending, and assets and liabilities.
- ***Measuring Up***, which reports on the progress that has been made towards achieving the government's goals.

Annual reports for each ministry are published in September and provide additional detailed information on performance and financial results.

2005 BUDGET
Investing in the Next Alberta

BUDGET 2005

2005 marked the 100th anniversary of Alberta as a Province. Fittingly, *Budget 2005* also marked a new era for Alberta.

Budget 2005 was the first budget in twelve years in which resources were not required for debt reduction, as Alberta had eliminated its accumulated debt in 2004-05.

This provided an increased ability to invest in the key opportunities laid out in the Province's twenty-year strategic plan. *Budget 2005* focused on initiatives to improve education, address infrastructure requirements, encourage research and innovation and make Alberta the best place to live, work and visit.

These strategic investments and a continuing commitment to fiscal responsibility will help to ensure the Alberta of tomorrow is even better than the Alberta of today.

MAJOR INITIATIVES AND OUTCOMES

Fiscal Responsibility

- Alberta recorded a surplus for the twelfth consecutive year. The $8.7 billion surplus was primarily committed to meeting infrastructure requirements and savings.

Advanced and Basic Education

- Access and affordability of the post-secondary system were improved. An advanced education endowment was established and Scholarship Fund assets were increased.
- Class sizes in the basic education system were reduced with increased funding to hire more teachers.

Infrastructure

- Support for capital projects increased by over 30 per cent, including major increases in support for municipal infrastructure and provincial highways.

Research and Innovation

- Support for research and innovation was increased, including additional allocations to the Medical Research Endowment Fund and the Science and Engineering Research Endowment Fund.

Best Place to Live, Work and Visit

- Alberta Advantage – Alberta had the strongest economic growth among provinces. Alberta's tax advantage was strengthened. $1.3 billion was provided to Albertans through the *Alberta 2005 Resource Rebate*.
- Health – $9.7 billion was provided for health-related services. This was the highest per capita spending level in the country. Wait times for health services were reduced and improvements were made to continuing care.
- Helping Albertans – Support for seniors, Assured Income for the Severely Handicapped (AISH) recipients, affordable housing and supportive living were increased.
- Other – Policing and the justice system were strengthened and increased support was provided for tourism.

NOTE ON REPORTING ENTITY

The audited financial statements include a larger reporting entity than the financial information provided in the budget and quarterly updates.

- For the first time, the net equity of Crown-controlled organizations in the SUCH sector (schools, universities, colleges and health authorities) has been consolidated in the audited statements. This added $345 million to 2005-06 revenue.
- The change in pension obligations is also included in the audited statements. This added $200 million to expense in 2005-06.
- Commentary on changes from 2004-05 include the change in the net equity of the SUCH sector. However, discussions about changes from budget and third quarter exclude the increase in equity of the SUCH sector, as this information was not available.

FISCAL HIGHLIGHTS

- **Overview.** The Province recorded a surplus of $8.7 billion primarily due to record non-renewable resource revenue. Oil and natural gas prices and land lease sales reached record levels in 2005-06.

  Record energy revenue allowed the government to more aggressively address infrastructure requirements, increase savings in the Heritage Fund and other endowments, and provide a resource rebate to Albertans.

- **Revenue** was $35.9 billion, $6.3 billion, or 21.4 per cent, higher than in 2004-05 and $8.2 billion higher than budgeted. The increases were primarily due to higher non-renewable resource revenue, which reached $14.3 billion in 2005-06.

- **Expense** was $27.2 billion, $2.9 billion, or 11.8 per cent, higher than in 2004-05, and was $1.2 billion higher than budgeted. The increase from 2004-05 was primarily due to higher municipal infrastructure support, health and education spending, and natural gas rebates.

  The increase from budget reflected higher natural gas rebates, emergency and disaster assistance, and capital grants.

- **Surplus.** Revenue exceeded expense by $8.7 billion. This was $3.5 billion higher than in 2004-05 and was $7 billion higher than budgeted.

- **Fourth Quarter Results.** The surplus was $1.2 billion higher than forecast in the 2005-06 *Third Quarter Fiscal Update* due to higher revenue and lower-than-forecast expense.

- **Net Assets.** At March 31, 2006, the Province had net assets of $37.6 billion. This included $11.6 billion in capital assets and $3.1 billion of equity in Crown-controlled SUCH organizations.

Fiscal Summary

(millions of dollars)

		2005-06			2004-05
		Budget	3rd Quarter[c]	Actual	Actual
1	**Revenue**				
2	Revenue (budget basis)	27,346	34,601	35,542	29,328
3	SUCH sector increase in equity [a]	n/a	n/a	345	239
4	**Total Revenue**	**27,346**	**34,601**	**35,887**	**29,567**
5	**Expense**				
6	Program	25,535	26,966	26,743	23,851
7	Debt servicing costs	291	260	248	302
8	Pension provisions	141	214	200	176
9	**Total Expense**	**25,967**	**27,440**	**27,191**	**24,329**
10	**Revenue in Excess of Expense**	**1,379**	**7,161**	**8,696**	**5,238**
11	Adjustment for pension provisions	141	214	200	176
12	Adjustment for SUCH sector	n/a	n/a	(345)	(239)
13	**Net Revenue** (budget basis)[b]	**1,520**	**7,375**	**8,551**	**5,175**

[a] Increase in equity of Crown-controlled organizations in the SUCH sector was not available for budget and quarterly forecasts.

[b] Net revenue (surplus) on a budget/quarterly presentation basis. For the purposes of the *Fiscal Responsibility Act*, the change in equity of SUCH sector organizations and the annual change in pension obligations are excluded from balanced budget requirements. Pension obligations are scheduled to be eliminated under a separate legislated plan.

[c] Third quarter forecast reflects an updated 2005-06 revenue forecast published in *Budget 2006*. This revenue forecast was $5 million lower than the forecast published in the 2005-06 *Third Quarter Fiscal Update*. The reduction reflected personal income tax changes that were announced in *Budget 2006* and effective January 1, 2006.

SURPLUS ALLOCATION

The 2005-06 surplus, after taking into account required adjustments, was deposited in the Alberta Sustainability Fund.

As assets in the Sustainability Fund were already above the $2.5 billion minimum target level, the cash from the surplus was available for allocation to other balance sheet improvements.

$3.6 billion was allocated to the Capital Account, $2.7 billion to savings and $2.7 billion was retained in the Sustainability Fund.

Capital Account – $3.6 billion.

- A net $3.6 billion was transferred to the Capital Account in 2005-06 to help pay for capital projects in future years. Most of this cash is expected to be drawn down over the next three to four years to pay for planned capital commitments.

Savings – $2.7 billion.

- $2.7 billion was deposited in the Heritage Fund and other endowments, including the new advanced education endowment.
- The book value of the Heritage Fund and endowments reached $15.7 billion at March 31, 2006.

Sustainability Fund – $2.7 billion.

- Based on final 2005-06 results, Sustainability Fund assets will be $2.7 billion higher than the minimum target level of $2.5 billion.
- At March 31, 2006, the Fund had assets of $4.1 billion. This was $1.6 billion higher than the minimum target. This did not include cash available from higher-than-forecast fourth quarter results, as this information was not available until after March 31. Based on final fourth quarter results, an additional $1.1 billion is being transferred into the Fund in 2006-07.

Allocation of Surpluses

(millions of dollars)

	2005-06 Actual	2004-05 Actual
Net Revenue (surplus)	**8,696**	**5,238**
Adjustments	233	186
Net Amount Available for Allocation[a]	**8,929**	**5,424**
Allocation		
Debt Retirement Account	-	3,730
Capital Account - net deposits for future year use	3,569	-
Savings		
Heritage Fund - deposit	1,000	-
Heritage Fund - inflation proofing	382	-
Advanced education endowment (in the Heritage Fund)	750	-
Scholarship Fund	250	-
Medical Research Endowment Fund	200	-
Science and Engineering Research Endowment Fund	100	-
Sustainability Fund		
Assets over $2.5 billion (at end of year)	1,583	998
Cash transferred from fourth quarter results after March 31	1,095	696
Total Allocation	**8,929**	**5,424**

[a] The amount available for allocation reflects the current-year surplus adjusted for: the retained income of funds, agencies and SUCH sector organizations; differences between cash and accrued revenue/expenditures; and Sustainability Fund assets above $2.5 billion at the start of the year. Further information on adjustments is included under the discussion on the Alberta Sustainability Fund on page 16.

ECONOMIC AND TAX HIGHLIGHTS

ECONOMIC HIGHLIGHTS (calendar year basis)

- **2005 Economic Growth.** Alberta's economy grew by an estimated 4.5 per cent in 2005, outperforming every other province for the second consecutive year.
- **2006 Economic Outlook.** Alberta's strong economic momentum is expected to continue in 2006, with growth forecast at 4.8 per cent.
- **Employment.** In 2005, employment grew by 1.5 per cent, as 26,900 jobs were created. Alberta also had the lowest unemployment rate among provinces, at 3.9 per cent.
- **Personal Income.** Alberta had the highest personal disposable income per capita among provinces in 2005, at $28,672. This was 19 per cent above the national average.
- **Migration.** For the ninth consecutive year, Alberta attracted the highest net interprovincial migration in Canada.
- **Energy Sector.** High energy prices encouraged strong exploration and development activity in Alberta's energy sector. Conventional drilling activity was up 22.6 per cent in 2005, and non-conventional energy investment surged by over $3.4 billion to an estimated $9.8 billion.
- **Housing.** The housing market remained strong with starts reaching a 27-year high.
- **Retail Sales.** Large labour income gains (10 per cent) contributed to a robust consumer sector. Alberta led all provinces in retail sales growth, with sales up 12 per cent, almost double the Canadian average.
- **Manufacturing Sector.** The manufacturing sector continued to build on the momentum begun in 2004. Shipments increased by 12 per cent compared to 3 per cent nationally.
- **Agriculture Sector.** Alberta's agriculture sector experienced some improvement in 2005 with the opening of the U.S. border to live cattle under the age of thirty months. However, crop prices fell 20 per cent due to rising inventory levels, reduced crop quality from poor harvesting weather and a world oversupply of grain.
- **Inflation.** Alberta's inflation rate averaged 2.1 per cent in 2005. Energy prices contributed to almost a third of the overall increase. Decreases in global prices of various consumer goods, and the Canadian dollar appreciating to a fourteen-year high, lowered the prices of imported goods, keeping core inflation low at an average of 1.4 per cent.

TAX HIGHLIGHTS

- **Lowest Overall Taxes.** Albertans and Alberta businesses paid the lowest overall provincial taxes in Canada. Indexation of the personal tax system protected taxpayers from paying higher taxes due to inflation.
- **Resource Rebates.** $1.3 billion was provided to Albertans through the *Alberta 2005 Resource Rebate* (a refundable tax credit).
- **Alberta Family Employment Tax Credit.** The tax credit was enhanced, providing more benefits for working families.
- **Property Taxes.** School property tax rates fell by 5 per cent in 2005, marking the twelfth straight year that rates have been reduced or frozen.
- **Hotel Room Tax.** The hotel room tax was reduced from 5 per cent to 4 per cent and converted into a tourism levy.

Measuring Up – Performance Results

- Albertans had the highest average personal disposable income per capita among the provinces.
- Alberta had the lowest total provincial and municipal tax load among the provinces.
- Alberta's three-year average growth rate (real GDP) was 4 per cent, the highest among provinces.
- Alberta's real labour productivity was the highest among provinces, and well above the national average.
- 98 per cent of collective bargaining agreements were settled without a legal work stoppage.

OVERVIEW OF PROGRAM AND CAPITAL SPENDING

EXPENSE

Total expense was $27.2 billion in 2005-06. The health and education functions continued to account for over 60 per cent of total expense.

Year-over-Year Comparison. Expense was 11.8 per cent, or $2.9 billion, higher than in 2004-05. This included:

- Base operating expense – $2.2 billion, or 10.6 per cent increase, primarily related to health, education and social services.
- Capital grants – $646 million, or 32.1 per cent increase, due to higher municipal infrastructure support.
- Emergency/disaster assistance – Decrease of $302 million. Higher flood assistance was offset by lower Bovine Spongiform Encephalopathy (BSE) funding requirements.
- Natural gas rebates – Up $358 million due to higher natural gas prices.

Budget-to-Actual Changes. Total expense was $1.2 billion higher than budgeted. This was almost entirely due to higher capital grants, natural gas rebates and emergency/disaster assistance.

- Capital grants – $552 million increase, including health, post-secondary, school, housing and supportive living, water/wastewater and community facilities capital grants.
- Natural gas rebates – $349 million increase due to higher natural gas prices.
- Emergency/disaster assistance – $270 million increase for floods, forest fire-fighting, and mountain pine beetle infestations.
- Other expense – $53 million net increase. Increases in base operating expense and pension provisions were partly offset by lower amortization and debt servicing costs.

Third Quarter-to-Actual Changes. Expense was down $249 million from the third quarter forecast. Spending was lower than forecast in all major elements.

Expense

(millions of dollars)

	2005-06		2004-05	Change from	
	Budget	Actual	Actual	Budget	2004-05 Actual
Base operating expense	22,511	22,615	20,444	104	2,171
Capital grants and other infrastructure support	2,108	2,660	2,014	552	646
Amortization	498	431	412	(67)	19
Emergency/disaster assistance	133	403	705	270	(302)
Natural gas rebates	285	634	276	349	358
Debt servicing costs	291	248	302	(43)	(54)
Pension provisions	141	200	176	59	24
Total Expense	**25,967**	**27,191**	**24,329**	**1,224**	**2,862**
Capital Investment	1,037	1,083	828	46	255

Note on Capital Investment

In 2005-06, capital investment in government-owned facilities and equipment was $1.1 billion, an increase of $255 million from 2004-05. Capital investment is not recorded as expense; only the amortization cost of government-owned capital is reflected in expense. Capital support to external authorities (including the SUCH sector) is treated as expense and is not amortized in provincial government financial statements. Capital investment plus capital grants to external authorities, and support for highway rehabilitation, equal the total Capital Plan support provided by the provincial government. The Capital Plan does not include amortization costs.

Expense by Function

(millions of dollars)

	2005-06		2004-05	Change from 2004-05 Actual		
	Budget	Actual	Actual	Budget	$	%
Health	9,510	9,713	9,060	203	653	7.2
Education	6,754	6,903	6,370	149	533	8.4
Social services	2,684	2,721	2,458	37	263	10.7
Transportation, communications and utilities[a]	1,889	2,329	1,225	440	1,104	90.1
Agriculture, resource management and economic development[b]	1,816	1,798	1,926	(18)	(128)	(6.6)
Protection of persons and property[c]	911	1,168	959	257	209	21.8
Regional planning and development	409	408	421	(1)	(13)	(3.1)
Recreation and culture	328	388	294	60	94	32.0
Housing	179	298	160	119	138	86.3
Environment	193	200	189	7	11	5.8
General government	862	817	789	(45)	28	3.5
Debt servicing costs	291	248	302	(43)	(54)	(17.9)
Pension provisions	141	200	176	59	24	13.6
Total Expense	**25,967**	**27,191**	**24,329**	**1,224**	**2,862**	**11.8**

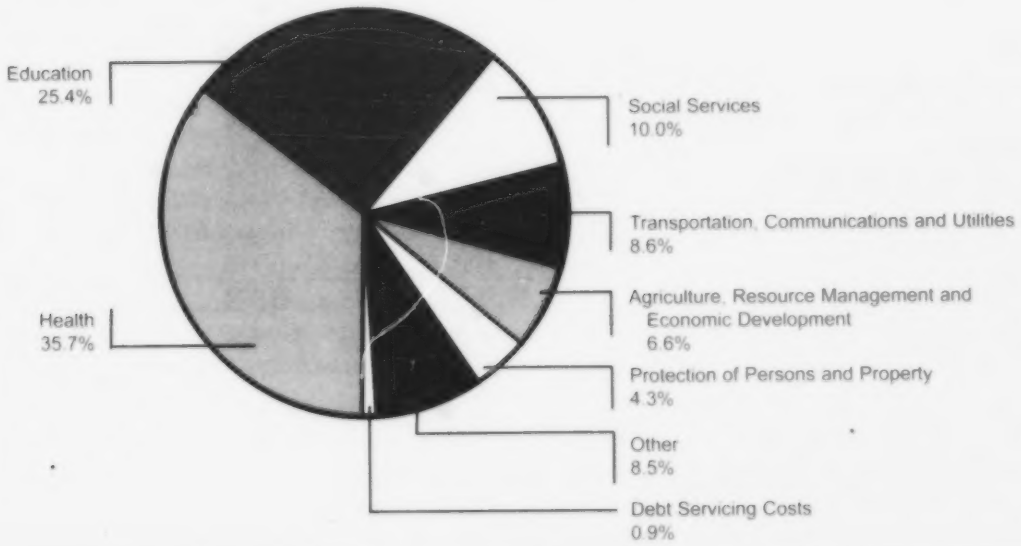
[a] Includes municipal infrastructure support and natural gas rebates.

[b] Includes BSE assistance.

[c] Includes flood assistance and forest fire-fighting costs.

2005-06 Expense by Function

$27.2 billion



CAPITAL PLAN

- The 2005-06 Capital Plan supported $3.7 billion of capital projects in 2005-06. This was a $901 million, or 31.7 per cent increase from 2004-05, and $577 million higher than budgeted.
- Approximately 80 per cent of the increase from 2004-05 was due to higher municipal infrastructure support. In particular, this reflected the first year of the new five-year, $3 billion Municipal Infrastructure Program.
- The government announced major commitments for health, post-secondary, schools and highway capital projects during the year. Most of the increased funding associated with these announcements will be provided in 2006-07 and future years.
- Alberta's per capita spending on infrastructure is approximately three times the average of other provinces.
- The 2006-09 Capital Plan published in *Budget 2006* averages $4.4 billion a year.

Capital Plan

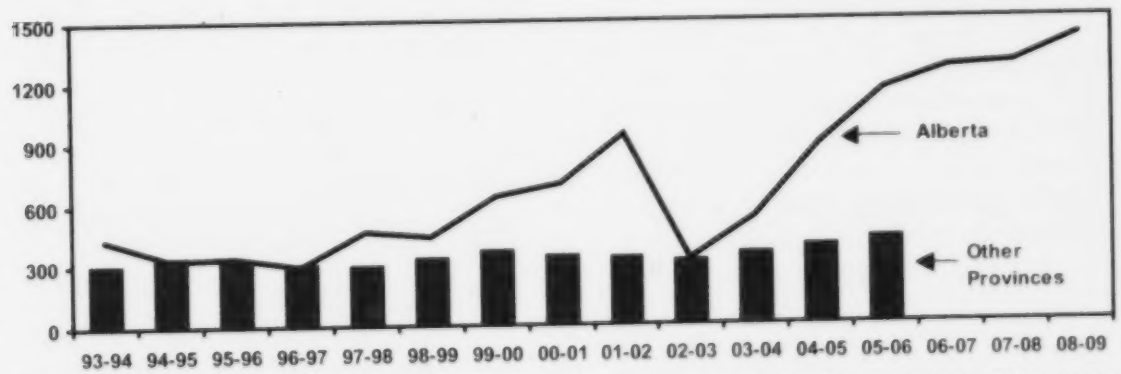
(millions of dollars)

	2005-06		2004-05	Change from	
	Budget	Actual	Actual	Budget	2004-05 Actual
Municipal infrastructure support	1,021	1,115	393	94	722
Provincial highway network[a]	699	769	570	70	199
Health facilities and equipment[a]	546	631	863	85	(232)
Schools	201	243	222	42	21
Post-secondary facilities	111	191	231	80	(40)
Community facilities and centennial projects	176	244	165	68	79
Government facilities, housing and equipment	354	497	329	143	168
Water and wastewater management	58	53	69	(5)	(16)
Total Capital Plan	**3,166**	**3,743**	**2,842**	**577**	**901**

[a] Budget numbers have been restated to reflect a transfer of $15 million from Health facilities and equipment to Provincial highway network.

Interprovincial Comparison of Capital Expenditure

(dollars per capita)



Source: Dominion Bond Rating Service Limited, The Canadian Federal and Provincial Governments - 2005 Overview, September 2005, and earlier reports. Alberta data for 2004-09 have been updated by Alberta Finance.

SPENDING HIGHLIGHTS
(BY FUNCTIONAL AREA)

HEALTH

- Health expense was $9.7 billion. This was an increase of 7.2 per cent, or $653 million, from 2004-05, and $203 million higher than budgeted.
- The **increase from 2004-05** reflected higher funding for health services, physician services, prescription drug costs and information technology systems. Increases included:
  - $594 million, or 11.7 per cent, in base operating grants for the health authorities.
  - $183 million, or 11.7 per cent, for physician services.
  - $52 million, or 9.8 per cent, for non-group health benefits, largely for the higher cost of drug benefits provided to seniors.
- These increases were partly offset by lower health capital grants in 2005-06.
- The **increase from budget** reflected additional funding for access and wait time projects, electronic health records, continuing care and capital grants for health facilities.

Major Initiatives

- New projects designed to improve province-wide access to health services and to reduce wait times were supported. The early success of the Alberta Hip and Knee Replacement Project demonstrated the value of developing innovative models of patient care.
- Alberta's first Primary Care Network was launched in May 2005. Fourteen Primary Care Networks now operate in seven health regions providing services to more than 700,000 patients.
- $188 million increase in spending on health information systems, such as the Alberta Netcare Electronic Health Record. This included capital grants of $116 million.
- Continuing care was improved by increasing the number of nursing and personal care hours per resident in long-term care facilities from 3.1 to 3.4 per day, increasing support for patient lift equipment, implementing assessment systems, and reviewing medication use.
- $200 million was added to the Medical Research Endowment Fund in 2005-06, with a commitment to add a further $300 million in the following two years.
- $25 million for mental health innovation.

Capital Plan

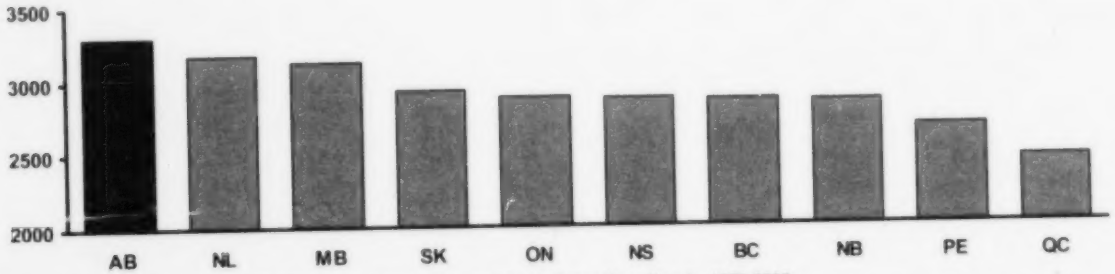
- Support of $631 million was provided for health facilities and equipment (including $11 million of capital investment).
- This was a decrease of $232 million from 2004-05, as several major health projects were substantially completed in 2004-05.
- 2005-06 capital funding included:
  - Continued work on the Edmonton Clinic (Health Services Ambulatory Learning Centre), Alberta Children's Hospital in Calgary and the Mazankowski Alberta Heart Institute in Edmonton, and redevelopment of the Royal Alexandra Hospital in Edmonton and the Rimbey Hospital and Care Centre.
  - $65 million of in-year support for capital facilities, such as redevelopment of the Foothills, Rockyview and Peter Lougheed Hospitals in Calgary and support for new health facilities in Sherwood Park and Fort Saskatchewan. This funding represented the first year of the announced $1.4 billion in increased support for health facilities.

Measuring Up – Performance Results

- 65 per cent of Albertans surveyed rated the overall health system as "excellent" or "good."
- 78 per cent of Albertans surveyed rated their access to physician services as "easy" or "very easy."
- 67 per cent of Albertans surveyed rated their access to hospital services as "easy" or "very easy."
- 88 per cent of Albertans suveyed aged 18 to 64 rated their own personal health as either "excellent," "very good," or "good."
- 86 per cent of Albertans surveyed aged 65 and older rated their own personal health as either "excellent," "very good," or "good."

2005-06 Comparison of Provincial Government Health Expenditures

(dollars per capita)



Source: Canadian Institute for Health Information (CIHI) – National Health Expenditure Trends, 1975-2005

Note: Definition of health expenditure includes health-related components of various income support programs not included in the health expense function in 2005-06. Statistics Canada's Financial Management System, which uses a narrower definition than CIHI, places Alberta's per capita health spending as the highest among provinces in 2005-06.

EDUCATION

- Education expense was $6.9 billion in 2005-06. This was an increase of 8.4 per cent, or $533 million, from 2004-05, and $149 million higher than budgeted.
- The **increase from 2004-05** primarily reflected higher basic and post-secondary operating grants.
- This **increase from budget** was due to higher capital grants for post-secondary institutions and increased funding to school boards for school operations and maintenance, increased transportation fuel costs and capital grants.

Major Initiatives

Basic Education

- Small Class Size Initiative. Funding was increased to hire 435 new teachers in the 2005-06 school year to reduce class sizes and retain the 1,250 teachers hired in the previous year.
- Alberta Initiative for School Improvement. Additional support was provided for local initiatives designed to improve student learning and performance.
- Student Health Initiative. Integrated health and related support was provided for children with special health needs.
- Technology. Supported expanded technology in the classroom, such as video-conferencing suites and funding for connecting computers in schools to the Alberta SuperNet.

Advanced Education

- Support for post-secondary institutions was increased by 13.9 per cent. This included a 6 per cent increase in operating grants to post-secondary institutions, start-up funding for the new Faculty of Veterinary Medicine at the University of Calgary and degree programs at Grant MacEwan College, funding for the Lois Hole Digital Library, increased facility operation grants for newly finished buildings, and other increased support to institutions.
- *Access to the Future Act.* Legislation was passed to establish an advanced education endowment as part of the Heritage Savings Trust Fund. The endowment is targeted to grow over time to $3 billion. An initial allocation of $750 million was made in 2005-06.
- Tuition. The government paid tuition increases at public post-secondary institutions. A comprehensive review of affordability of advanced education was initiated with one outcome to be a new tuition policy.
- Student Assistance. Funding for scholarships, bursaries and grants to students were increased by 7.7 per cent, with scholarships distributed to 28,960 students. $250 million was added to the Alberta Heritage Scholarship Fund. The Alberta Centennial Education Savings Plan was established to encourage parents to save for their children's education.

- Apprenticeship Training. 2,382 new apprenticeship technical training seats were added in 2005-06.

Capital Plan

- $434 million was provided for education capital projects, a decrease of 4.1 per cent or $19 million from 2004-05. Funding included $243 million for school projects and $191 million for post-secondary institutions.
- Schools – Five new schools and seven replacement schools were opened during 2005-06. Additional funding was provided for new modular classrooms, the leasing of portables and the relocation of existing portables.
- Post-secondary facilities – Expansion and upgrades included facilities at Grant MacEwan College, NAIT, the University of Alberta, the University of Calgary, Olds College, Banff Centre and the University of Lethbridge.

Measuring Up – Performance Results

- 78 per cent of Alberta's grade 9 students met acceptable standards on the Provincial Achievement Tests in language arts.
- 91 per cent of Albertans surveyed aged 25-34 completed high school.
- 79 per cent of adult Albertans surveyed were satisfied that most adult Albertans were able to access the education or training they want.
- 90 per cent of employers surveyed were satisfied with recent graduates' skills and quality of work.
- 87 per cent of Albertans aged 25-34 with a post-secondary diploma or certificate were employed.
- 76 per cent of Aboriginal Albertans (off-reserve) surveyed aged 25-34 completed high school.
- 95 per cent of schools and 90 per cent of post-secondary institutions were estimated to be in acceptable ("fair" or "good") physical condition.

SOCIAL SERVICES

- Social Services expense was $2.7 billion in 2005-06. This was an increase of 10.7 per cent, or $263 million, from 2004-05, and $37 million higher than budgeted.
- The **increase from 2004-05** reflected increases of 23 per cent for AISH, 27 per cent for seniors benefits and 7.6 per cent for children's services.

Major Initiatives

- The initial response to the Achieving Excellence in Continuing Care report included:
  - increasing benefits for low-income Albertans in supportive living and long-term care;
  - enhancing grants for those seniors lodges which provide a high level of support for residents;
  - implementing new continuing care accommodation standards;
  - introducing updated monitoring, reporting and enforcement processes; and
  - developing a new concerns resolution process for continuing care residents and their families.
- Benefits for clients receiving AISH were enhanced and new benefits introduced. This included increased earnings exemptions, and benefits for extra needs such as caring for a guide animal, special diets or emergency travel.
- 7.1 per cent increase in financial assistance to Persons with Developmental Disabilities boards.
- Funding was provided for three pilot projects aimed at continuing support for adults with Fetal Alcohol Spectrum Disorder.
- The Ministry of Children's Services provided additional funding for early learning and child care, support for families with disabled children and child intervention services.

Measuring Up – Performance Results

- Survey results indicate that 83.8 per cent of Alberta children aged 2-5 demonstrated healthy emotional development and 85.9 per cent aged 0-3 demonstrated healthy social development.
- Survey results indicate that 94.3 per cent of Alberta children, aged 0-5, had parents who interacted positively with them.

AGRICULTURE, RESOURCE MANAGEMENT AND ECONOMIC DEVELOPMENT

- Agriculture, Resource Management and Economic Development expense was $1.8 billion in 2005-06. This was a decrease of 6.6 per cent, or $128 million, from 2004-05, and $18 million lower than budgeted.
- Lower expense from the previous year and from budget was due to lower agriculture assistance for BSE.

Major Initiatives

- Agriculture. BSE agriculture assistance was $386 million lower than in 2004-05. The reopening of the U.S. border to live beef exports for cattle under 30 months of age allowed the Fed Cattle Set-Aside program to be discontinued earlier than anticipated in the budget.

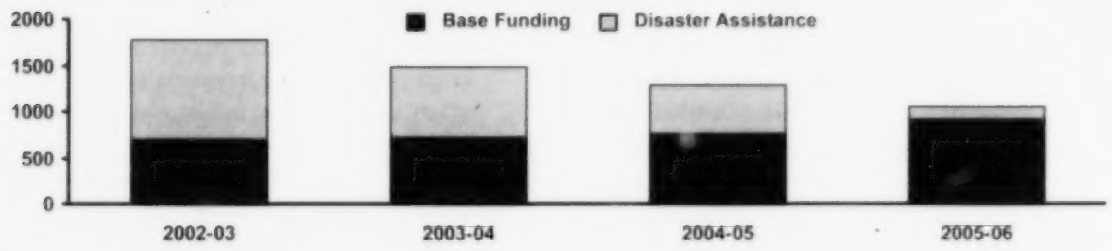
  Partly offsetting lower BSE assistance were increases related to the Canadian Agriculture Income Stabilization program and other agriculture programs.
- Tourism. Effective April 1, 2005, the 5 per cent hotel room tax was converted to a 4 per cent tourism levy, and the annual level of provincial support for tourism marketing and development was determined by the amount of revenue the hotel room tax/tourism levy raised in previous years. In 2005-06, based on this new policy, tourism funding increased by nearly 75 per cent.
- Research. $100 million was added to the Science and Engineering Research Endowment Fund.
- Alberta Energy Innovation Strategy. A five-year, $200 million Innovative Energy Technologies program was established to encourage the development of innovative technologies to enhance oil and gas recovery.
- Mountain Pine Beetles. Over 14,000 trees infested with mountain pine beetles were cut down to protect Alberta's forests.

Measuring Up – Performance Results

- Sponsored research at Alberta universities increased by 11.4 per cent in the past year, and has almost doubled since 2000.
- Tourism industry revenue continues to increase.
- Total goods exported grew by 18.5 per cent to an estimated $79.2 billion in 2005.

Ministry of Agriculture, Food and Rural Development Expense

(millions of dollars)



TRANSPORTATION, COMMUNICATIONS AND UTILITIES

- Expense was $2.3 billion in 2005-06, an increase of 90.1 per cent, or $1.1 billion, from 2004-05, and $440 million from budget.
- The **increase from 2004-05** reflected a $722 million increase in municipal infrastructure support and a $358 million increase in natural gas rebates.
- The **increase from budget** reflected higher-than-budgeted natural gas rebates due to stronger-than-expected natural gas prices.

Major Initiatives

- A new five-year, $3 billion Municipal Infrastructure Program was introduced.
- Funding was committed to accelerate construction projects in the Fort McMurray area and other resource development areas, including major highway work to twin Highway 63 and upgrade Highway 881.
- Part of the Southwest leg of Anthony Henday Drive in Edmonton opened to traffic a year ahead of schedule. The Southeast leg, which is Alberta's first highway project using a public-private partnership, commenced construction in 2005-06.
- The *Traffic Safety Amendment Act* improved road safety, including doubling existing fines for drivers caught speeding past emergency and construction workers.
- Natural Gas Rebates. $634 million was provided to help offset winter heating costs.

Capital Plan

- $1.1 billion in municipal infrastructure grants, an increase of $722 million from 2004-05.
- $769 million for the provincial highway network, an increase of $199 million from 2004-05 (includes $644 million in capital investment).

Measuring Up – Performance Results

- 87.1 per cent of provincial highways were in acceptable ("fair" or "good") physical condition.
- 99.1 per cent of water management infrastructure was in acceptable ("fair" or "good") physical condition.

PROTECTION OF PERSONS AND PROPERTY

- Protection of Persons and Property expense was $1.2 billion in 2005-06. This was an increase of 21.8 per cent, or $209 million, from 2004-05, and $257 million from budget.
- The **increase from 2004-05** reflected higher flood disaster assistance and increased funding for policing and justice programs.
- The **increase from budget** reflected disaster assistance for floods and wildfires.

Major Initiatives

- 12 per cent increase in the budgets of the Ministries of Justice and Solicitor General and Public Security. Increase allowed:
  - Addition of nearly 200 police officers to Alberta communities in 2005-06.
  - Enhancements to policing grants to help ease the financial burden on smaller towns and cities.
  - Establishment of the Integrated Child Exploitation Unit to combat on-line child sexual exploitation.
  - One-window system to assist families accessing the family court system and to allow for improved access to the courts by reducing wait times and increasing the availability of mediation and dispute resolution services.
  - Enhancements to programs dedicated to identifying and dismantling crime networks across the Province.
  - Implementation of courthouse security and courtroom videoconferencing to increase the safety of the general public and those involved in court operations.
- Flood Assistance. $173 million was provided to residents, business owners and municipalities, and for restoration of provincial parks and other government infrastructure, because of extensive flooding, primarily in southern Alberta.
- $153 million was provided to protect Albertans and their property from wildfires and support programs that prevent wildfires in Alberta's forests.

Measuring Up – Performance Results

- Violent and property crime rates decreased, remaining the lowest among the four western provinces.
- 86.7 per cent of Albertans surveyed felt human rights in Alberta were "very well" or "fairly well protected."
- 60 per cent of Albertans felt that crime is not a serious problem in their neighborhood.
- Alberta's workplace lost-time claim rate continued to decline.

OTHER PROGRAM EXPENSE

- Other program expense was $2.1 billion in 2005-06. This was an increase of 13.9 per cent, or $258 million, from 2004-05, and $140 million higher than budgeted. Increases primarily reflected additional funding for housing assistance and centennial projects.

Major Initiatives

- Alberta's Centennial – The government provided $107 million to commemorate Alberta's centennial and leave a lasting legacy for Albertans. Funding supported initiatives such as the September 1, 2005 centennial celebrations, Alberta Tracks: A Centennial Music Celebration, renewal of the Jubilee Auditoria and the construction of community facilities across the province. This brings the total commitment for Alberta's centennial to $517 million.
- Housing – In 2005-06, $116 million was provided to support the development of affordable housing and supportive living units, and upgrading of lodges in rural Alberta. These initiatives help address housing needs of seniors by providing an alternative to long-term care facilities.
- Environment – Implemented Canada's first greenhouse gas reporting program for large emitters.
- Parks – Operating and capital support was increased to enhance Alberta's park infrastructure and facilities, including Canmore Nordic Centre.
- Alberta SuperNet – Construction of the SuperNet was completed in September 2005, linking government, health, library and education facilities in 429 communities across the Province. The network is now operational, enabling high speed Internet access and network services through Internet service providers.

Measuring Up – Performance Results

- 91.1 per cent of visitors surveyed were satisfied with experiences at provincial parks and recreation areas.
- 88.8 per cent of adult Albertans surveyed participated in arts and cultural activities.
- 98.5 per cent of visitors were satisfied with their experiences at provincial historic sites, museums, and interpretive centres.
- River water and air quality remained high.

DEBT SERVICING COSTS

- Debt servicing costs represent the interest paid on unmatured accumulated debt and interest costs related to Agriculture Financial Services Corporation's lending operations.
- Debt servicing costs were $248 million in 2005-06. This was a decrease of $54 million from 2004-05 and $43 million lower than estimated in the budget. Decreases were primarily due to lower debt and lower in-year financing requirements.
- Sufficient funds were set aside in 2004-05 in the Debt Retirement Account to repay the remaining $2.2 billion of accumulated debt as it matures.

PENSION PROVISIONS

- Pension obligations in respect of public sector pension plans increased by $200 million to $5.4 billion in 2005-06.
- $161 million of the increase was related to the Teachers' Pension Plans. The Province's obligations for these plans increased to $4.4 billion.
- For purposes of the *Fiscal Responsibility Act*, the annual change in pension obligations is excluded from expense and balanced budget requirements. Pension obligations are scheduled to be eliminated under a separate legislated plan.

REVENUE HIGHLIGHTS

TOTAL REVENUE

- Total revenue was $35.9 billion, $6.3 billion, or 21.4 per cent higher than in 2004-05. Revenue was $8.2 billion higher than budgeted (excluding increase in equity of SUCH sector).
- 2005-06 revenue is net of the $1.3 billion cost of the *Alberta 2005 Resource Rebate*, which was recorded as a deduction from personal income tax revenue.
- The increase in 2005-06 revenue was primarily due to higher non-renewable resource revenue.
- Revenue was $941 million higher than forecast in the *Third Quarter Fiscal Update*. The increase was primarily due to higher corporate and personal income tax revenue and higher investment income.

Revenue

(millions of dollars)

	2005-06		2004-05	Change from	
	Budget	Actual	Actual	Budget	2004-05 Actual
Personal income tax	5,199	6,000	4,649	801	1,351
Alberta 2005 Resource Rebate	-	(1,323)	-	(1,323)	(1,323)
Corporate income tax	2,278	2,917	2,364	639	553
Other taxes	3,199	3,273	3,165	74	108
Non-renewable resource revenue	7,680	14,347	9,744	6,667	4,603
Transfers from Government of Canada	3,501	3,392	3,219	(109)	173
Net income from commercial operations	1,929	2,192	2,020	263	172
Premiums, fees and licences [a]	1,739	1,818	1,812	79	6
Investment income	1,376	2,348	1,809	972	539
Increase in equity of SUCH sector organizations	n/a	345	239	n/a	106
Other [a]	445	578	546	133	32
Total Revenue	**27,346**	**35,887**	**29,567**	**8,196**	**6,320**

[a] Budget numbers have been restated to reflect an $11 million reallocation of revenue from "Premiums, Fees and Licences" to "Other" revenue.

NON-RENEWABLE RESOURCE REVENUE

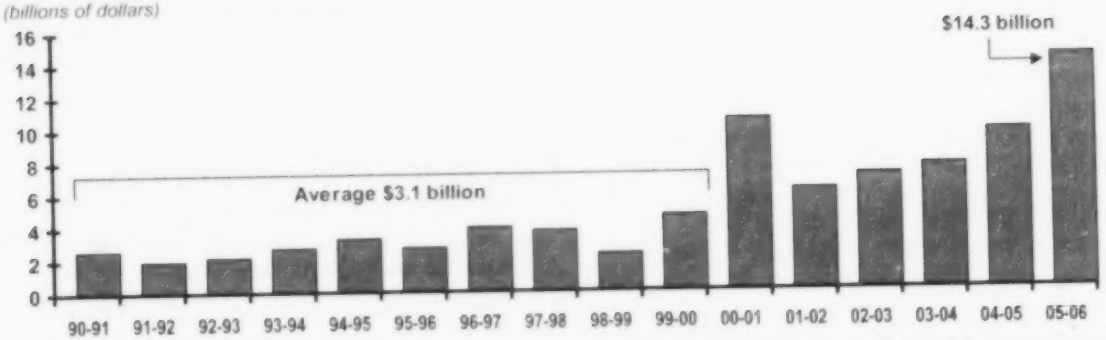
- Non-renewable resource revenue reached a record $14.3 billion in 2005-06. This was $4.6 billion higher than in 2004-05 and $6.7 billion higher than budgeted.
- Energy prices were significantly higher than the budget estimate or what was expected by energy analysts. High prices resulted in record oil and natural gas royalties and record revenue from bonuses and sales of Crown leases.
- Natural gas prices averaged Cdn$8.29 per gigajoule, $2.24 higher than in 2004-05 and $2.69 higher than budgeted.
- Oil prices averaged US$59.94 per barrel. This was $14.91 higher than in 2004-05 and $17.94 higher than the budget estimate.
- Bonuses and sales of Crown leases reached a record $3.5 billion, over $2.2 billion higher than the previous record in 2004-05.
- Partly offsetting the impact of higher energy prices was the strengthening of the Canadian dollar relative to the United States dollar.
- Non-renewable resource revenue in 2005-06 was nearly double the level it was just two years earlier in 2003-04, and nearly five times higher than it was through most of the 1990s.

Energy Prices and Exchange Rates

1996-97 to 2005-06

	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06
Oil Price (WTI US$/bbl)	22.84	18.93	13.70	23.16	30.20	24.13	29.04	31.38	45.03	59.94
Natural Gas Price (Cdn$/GJ)	1.69	1.76	1.89	2.52	5.76	3.57	4.72	5.45	6.05	8.29
Exchange Rate (US¢/Cdn$)	73.1	71.3	66.6	68.0	66.5	63.9	64.6	74.0	78.4	83.9

Non-renewable Resource Revenue



TAX REVENUE

- Tax revenue was $10.9 billion net of the *Alberta 2005 Resource Rebate*. This was an increase of $689 million, or 6.8 per cent, from 2004-05, and $191 million higher than budgeted.
- Excluding the $1.3 billion *Alberta 2005 Resource Rebate*, tax revenue was $2 billion, or 20 per cent, higher than in 2004-05, and $1.5 billion higher than budgeted.
- The resource rebate provided a $400 per person refundable tax credit to all Albertans.
- **Personal income tax revenue** was $6.0 billion, excluding the *Alberta 2005 Resource Rebate*. This was $1.4 billion higher than in 2004-05 and $801 million higher than budgeted. The increase reflects both strong income growth and significant adjustments made to both 2004-05 and 2005-06 revenue to address under and over estimation of previous years' tax revenue. The base increase in personal income tax revenue in 2005-06, before taking into account adjustments for prior years, was 9.8 per cent.
- **Corporate income tax revenue** was $2.9 billion. This was $553 million higher than in 2004-05 and $639 million higher than budgeted. The increases were primarily due to high energy prices and strong corporate profits.
- **Other tax revenue** was $3.3 billion. This was $108 million higher than in 2004-05 and $74 million higher than the budget estimate. The increase from 2004-05 was mostly attributable to school property tax, freehold mineral rights tax and fuel taxes.

GOVERNMENT OF CANADA TRANSFERS

- Transfers from Government of Canada were $3.4 billion, $173 million higher than in 2004-05 but $109 million lower than budgeted.
- The increase from 2004-05 was primarily due to higher transfers for flood disaster assistance, health, and early learning and child care. Partly offsetting these increases were lower agriculture transfers.
- The decrease from budget reflected lower health and social transfers due to the impact of higher provincial income tax revenue and the reporting of some of the Wait Times Reduction Fund to 2004-05.

INVESTMENT INCOME

- Investment income was $2.3 billion. This was an increase of $539 million from 2004-05 and $972 million higher than budgeted. The increases reflected strong equity markets and larger fund balances in investment accounts.

INCREASE IN EQUITY OF SUCH SECTOR

- Increase in equity attributed to Crown-controlled SUCH sector organizations was $345 million. This was $106 million higher than in 2004-05.
- $278 million of the increase in equity is attributable to post-secondary institutions and $66 million to health authorities.

OTHER REVENUE

- Revenue from other sources was $4.6 billion, $210 million higher than in 2004-05 and $475 million higher than the budget estimate.
- The increases reflected higher gaming and lottery revenue.

ALBERTA SUSTAINABILITY FUND

- As set out in the *Fiscal Responsibility Act*, the Sustainability Fund receives non-renewable resource revenue above the level available for budget purposes ($4.75 billion in 2005-06) and any additional year-end surpluses, less required adjustments.
- **Withdrawals** are allowed to offset the cost of emergencies/disasters, natural gas rebates, First Nations settlements and revenue shortfalls. In 2005-06, $1 billion was withdrawn to pay for emergencies/disasters and natural gas rebates. In addition, the $1.3 billion cost of the *Alberta 2005 Resource Rebate* was charged against the Fund.
- **Adjustments.** The net cash transferred to the Fund was also adjusted for:
  - Retained income of funds and agencies – $522 million was retained by funds and agencies, primarily Alberta Treasury Branches and the Agriculture Financial Services Corporation.
  - Increase in equity of SUCH sector – SUCH sector organizations retained the $345 million increase in their equity.
  - Capital Requirements – $2.3 billion. The *Fiscal Responsibility Act* allows current-year capital requirements to be met by allocating non-renewable resource revenue to the Capital Account above the $4.75 billion limit.
  - Other Cash Adjustments – This primarily reflects the difference between cash and accrued revenue and expenditure and was negative $300 million in 2005-06.
- **Assets Available for Allocation.** When the assets of the Fund exceed $2.5 billion, they can be allocated to other balance sheet improvements. In 2005-06, a total of $2.7 billion was allocated to savings and $3.6 billion to the Capital Account for the future cost of current capital commitments.

  After these allocations, the Sustainability Fund had assets of $4.1 billion at March 31, 2006. In addition, $1.1 billion will be transferred to the Fund after March 31 from the better-than-forecast fourth quarter results.
- In total, based on 2005-06 final results, the Fund assets will be $5.2 billion. This is $2.7 billion higher than the minimum target level of $2.5 billion.

Alberta Sustainability Fund

(millions of dollars)

		2005-06			2004-05
		Budget	3rd Quarter	Actual	Actual
1	**Assets at start of year**	3,498	3,498	3,498	2,500
2	Cash transferred from previous year fourth quarter results	-	696	696	510
3	Transfers to (withdrawals from) Sustainability Fund				
4	Non-renewable resource revenue and other net transfers	2,964	11,668	13,051	7,325
5	Disaster/emergency assistance and natural gas rebates	(418)	(1,178)	(1,037)	(981)
6	Cost of *Alberta 2005 Resource Rebate*	-	(1,320)	(1,323)	-
7	Adjustments				
8	Retained income of funds and agencies	(133)	(428)	(522)	(333)
9	Increase in equity of SUCH sector	n/a	n/a	(345)	(239)
10	Capital grant requirements (current year)	(1,274)	(1,795)	(1,795)	(1,136)
11	Capital investment requirements (current year)	(435)	(494)	(494)	(494)
12	Other cash adjustments	517	(350)	(300)	772
13	Minimum assets required in Sustainability Fund	(2,500)	(2,500)	(2,500)	(2,500)
14	**Assets available for allocation**	**2,219**	**7,797**	**8,929**	**5,424**
15	Allocation to Debt Retirement Account	-	-	-	(3,730)
16	Allocation to Capital Account - future year use	(1,554)	(3,569)	(3,569)	-
17	Allocation to Heritage Fund and endowments	(665)	(2,645)	(2,682)	-
18	**Sustainability Fund assets above $2.5 billion at March 31**	**-**	**1,583**	**1,583**	**998**
19	**Cash to be transferred after March 31 to Sustainability Fund**	**-**	**-**	**1,095**	**696**
	Sustainability Fund assets at March 31 (lines 13 & 18). Does not include cash to be transferred after March 31 (line 19).	2,500	4,083	4,083	3,498

NET FINANCIAL AND CAPITAL ASSETS

- At March 31, 2006, the assets of the Government of Alberta exceeded its liabilities by $37.6 billion. This included $11.6 billion in capital assets and $3.1 billion in equity in Crown-controlled SUCH sector organizations.

Financial Assets

- $44.9 billion in financial assets as of March 31, 2006. This included:
  - Heritage Fund – $13.4 billion (book value). Includes the advanced education endowment.
  - Endowment Funds – $2.3 billion.
  - Sustainability Fund – $4.1 billion plus $1.1 billion to be transferred from Other Financial Assets (cash).
  - Capital Account – $4.2 billion. These funds are to be used to meet the cost of current capital commitments in future years.

Capital Account
(millions of dollars)

	2005-06 Budget	2005-06 Actual	2004-05 Actual
Assets start of year	674	674	1,180
Allocation to Capital Account	3,263	5,858	1,136
Withdrawals			
Local authorities capital	(1,274)	(1,795)	(1,209)
Government-owned capital	(435)	(494)	(433)
Assets end of year	**2,228**	**4,243**	**674**

  - Debt Retirement Account – $2.2 billion. Set aside to repay the Province's remaining accumulated debt as it matures. These funds are locked-in and can only be used to repay accumulated debt.
  - Self-supporting Lending Organizations – $6.6 billion. Financial assets of Alberta Capital Finance Authority and Agriculture Financial Services Corporation (AFSC). These assets offset the liabilities of the lending organizations.
  - Equity in Commercial Enterprises – $1.8 billion. Primarily equity in Alberta Treasury Branches.
  - Equity in Crown-controlled SUCH sector organizations – $3.1 billion. Post-secondary institutions account for $2.4 billion, school boards $380 million and health authorities $356 million.
  - Other Financial Assets – $7.1 billion. Of this amount $1.1 billion is to be transferred to the Sustainability Fund. Of the remaining $6 billion, accounts and interest receivable represent $3.8 billion. This includes receivables from oil and natural gas royalties, federal government and taxes.

Liabilities

- The provincial government had $18.9 billion in liabilities as of March 31, 2006. This included:
  - Pension Obligations – $5.4 billion. Of this amount $4.4 billion was related to the Teachers' Pension Plans.
  - Self-Supporting Lending Organizations – $5.3 billion. In addition, $882 million of General Revenue Fund (GRF) debt on-lent to AFSC is recorded under Other Liabilities. The financial assets of the Alberta Capital Finance Authority and AFSC offset these liabilities.
  - Accumulated Debt – $2.2 billion. The financial assets of the Debt Retirement Account fully offset this debt.

Accumulated Debt
(millions of dollars)

	2004-05	2005-06
Debt at start of year	4,971	3,475
Repayment of debt maturities	(1,496)	(1,280)
Debt at end of year	3,475	2,195
Less: Debt Retirement Account	(3,479)	(2,197)
Accumulated Debt*	**(4)**	**(2)**

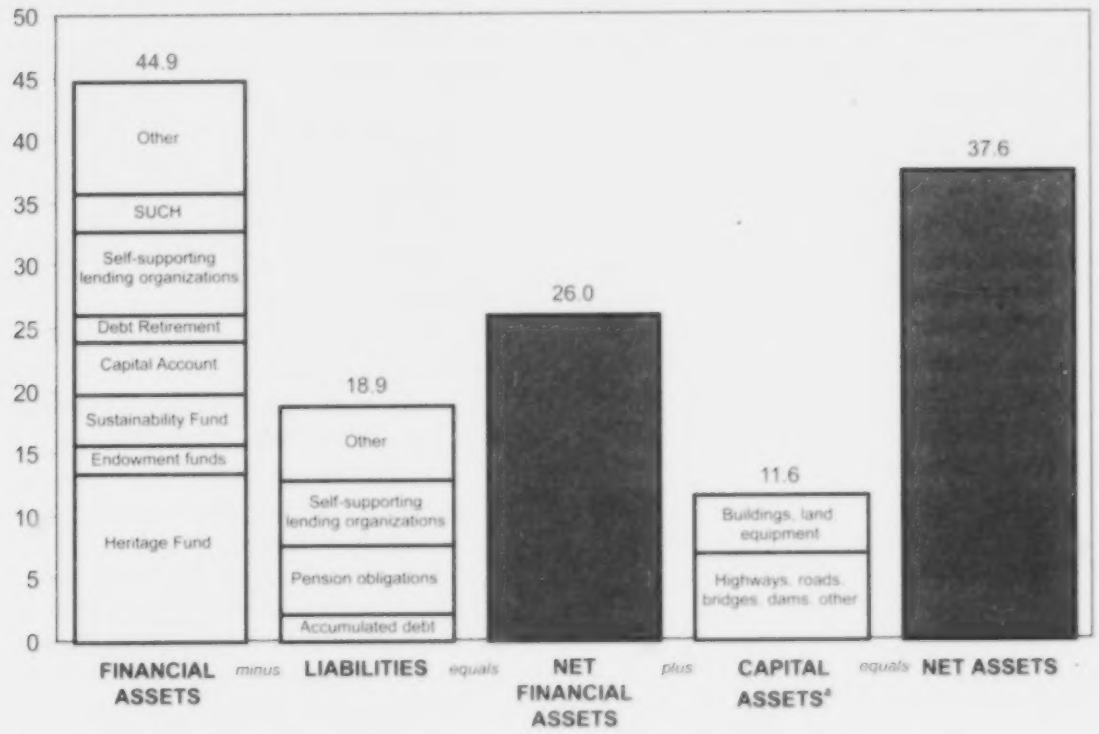
* Based on actual year-end results at March 31, the assets in the Debt Retirement Account exceeded unmatured accumulated debt

  - Accounts and Interest Payable and Other Liabilities – $6.0 billion. Includes GRF debt on-lent to AFSC, natural gas royalty and security deposits, payables to the Government of Canada, unearned revenue and trade payables and liabilities. There is an offsetting relationship between some of these liabilities and Other Financial Assets.

Assets, Liabilities and Net Assets

At March 31, 2006

(billions of dollars)



a Does not include $10 billion in tangible capital assets of health authorities, schools, post-secondary institutions or other local authorities.

Historical Fiscal Summary, 1985-86 to 2005-06[a]

(millions of dollars)

		A 1985-86	B 1986-87	C 1987-88	D 1988-89	E 1989-90	F 1990-91	G 1991-92	H 1992-93	I 1993-94	J 1994-95	K 1995-96	L 1996-97	M 1997-98	N 1998-99	O 1999-00	P 2000-01	Q 2001-02	R 2002-03	S 2003-04	T 2004-05	U 2005-06
INCOME STATEMENT																						
	Revenue																					
1	Personal income tax	1,521	1,768	2,236	2,039	2,536	2,796	3,057	2,794	2,877	3,063	3,177	3,445	3,877	4,601	5,100	3,943	4,183	4,834	4,613	4,649	4,677[f]
2	Corporate income tax	780	396	595	697	700	803	731	637	854	1,073	1,332	1,407	1,849	1,659	1,255	2,023	2,229	2,019	1,696	2,364	2,917
3	School property tax	660	686	729	769	824	915	1,027	1,115	1,168	1,196	1,205	1,169	1,212	1,118	1,128	1,151	1,094	1,113	1,178	1,247	1,283
4	Other tax revenue	341	262	553	679	683	878	1,029	1,055	1,053	1,126	1,112	1,157	1,218	1,178	1,241	1,386	1,469	1,633	1,838	1,918	1,990
5	Resource revenue	4,932	1,892	2,626	2,085	2,240	2,688	2,022	2,183	2,817	3,378	2,786	4,034	3,778	2,368	4,650	10,586	6,227	7,130	7,676	9,744	14,347
6	Investment income	2,161	1,965	1,847	1,834	1,891	2,125	2,155	1,911	1,837	1,567	1,724	1,616	1,747	1,610	1,906	1,353	788	(462)	1,838	1,809	2,348
7	Other own-source revenue	1,111	959	1,407	1,662	2,022	1,615	1,566	2,319	2,710	2,832	2,431	2,473	2,890	2,950	3,183	3,272	3,672	4,321	4,122	4,378	4,588
8	Total own-source revenue	11,506	7,928	9,993	9,765	10,896	11,820	11,587	11,814	13,316	14,235	13,767	15,301	16,571	15,484	18,463	23,714	19,662	20,588	22,961	26,109	32,150
9	Federal transfers	1,788	1,689	1,912	2,135	1,943	2,365	2,150	2,457	2,090	1,929	1,748	1,351	1,183	1,335	1,640	1,813	2,264	2,074	2,926	3,219	3,392
10	Total Revenue	13,294	9,617	11,905	11,900	12,839	14,185	13,737	14,271	15,406	16,164	15,515	16,652	17,754	16,819	20,103	25,527	21,926	22,662	25,887	29,328	35,542
	Expense by Function[b]																					
11	Health	3,003	3,244	3,114	3,372	3,631	3,895	4,129	4,352	4,194	3,928	3,773	4,006	4,401	4,660	5,341	5,946	6,846	6,917	7,634	9,060	9,713
12	Basic / advanced education	2,961	3,114	3,118	3,227	3,379	3,532	3,676	3,904	4,036	3,756	3,713	3,738	4,081	4,241	4,735	5,040	6,099	5,461	5,850	6,370	6,903
13	Social services	1,156	1,270	1,329	1,434	1,502	1,567	1,746	1,889	1,721	1,495	1,456	1,511	1,564	1,560	1,668	1,790	1,942	2,108	2,265	2,458	2,721
14	Other program expense	6,753	5,725	5,137	5,077	5,328	5,741	5,501	6,031	5,172	4,301	3,739	3,446	3,727	3,885	4,612	5,200	5,184	5,567	5,731	5,963	7,406
15	Total program expense	13,873	13,353	12,698	13,110	13,840	14,735	15,052	16,176	15,123	13,480	12,681	12,701	13,773	14,346	16,356	17,976	20,071	20,053	21,480	23,851	26,743
16	Debt servicing costs	182	297	572	797	1,115	1,282	1,314	1,419	1,654	1,746	1,683	1,462	1,322	1,379	956	980	774	476	271	302	248
17	Total Expense	14,055	13,650	13,270	13,907	14,955	16,017	16,366	17,595	16,777	15,226	14,364	14,163	15,095	15,725	17,312	18,956	20,845	20,529	21,751	24,153	26,991
18	**Net Revenue (Spending)**	**(761)**	**(4,033)**	**(1,365)**	**(2,007)**	**(2,116)**	**(1,832)**	**(2,629)**	**(3,324)**	**(1,371)**	**938**	**1,151**	**2,489**	**2,659**	**1,094**	**2,791**	**6,571**	**1,081**	**2,133**	**4,136**	**5,175**	**8,551**
BALANCE SHEET																						
19	Net Financial Assets (Debt)[c]	11,817	7,784	6,419	4,412	2,296	464	(2,165)	(7,054)	(8,313)	(7,355)	(6,255)	(3,728)	(1,089)	(63)	2,654	9,042	9,814	11,696	15,607	20,398	28,318
20	Capital Assets[d]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8,220	7,669	7,411	7,292	7,215	7,218	7,259	8,002	10,141	10,309	10,534	10,921	11,552
21	**Net Assets (Debt)**[c]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(93)	314	1,156	3,564	6,126	7,155	9,913	17,044	19,955	22,005	26,141	31,319	39,870
22	Pension obligations	5,500	6,625	7,946	8,004	8,243	6,156	5,774	4,770	5,066	5,352	5,352	4,981	4,890	4,813	4,728	4,742	4,771	4,927	5,059	5,235	5,435
23	**Accumulated Debt**[e]	4,953	10,091	11,105	13,069	15,527	16,647	17,406	20,305	22,701	21,451	20,531	17,733	14,976	14,106	12,020	8,195	5,261	4,736	3,730	—	—
24	Sustainability Fund assets																		—	2,500	3,498	5,178[g]
25	Capital Account assets																		910	1,180	674	4,243

a Numbers have been restated on 2005-06 basis where possible. Numbers for 2001-02 forward are fully comparable. For the period 1992-93 to 2000-01, numbers are essentially comparable to the 2005-06 presentation with exception of the treatment of disposal of capital assets (in most years variance of less than $100 million). Prior to 1992-93, spending is on an expenditure basis, using actual capital numbers rather than capital amortization costs. Revenue excludes increase in equity of SUCH sector organizations. Expense excludes change in pension provisions.

b Beginning in 1996-97, valuation adjustments have been allocated by function. In prior years, all valuation adjustments were included in other program expense.

c Excludes pension obligations and equity in SUCH organizations. Net debt was increased by $1,474 million in 1992-93 primarily for a provision for school construction debt, reduced by $125 million in 1993-94 to record personal income tax and established programs financing entitlements on anaccrual basis, and increased by $32 million in 1995-96 to report some other revenues on accrual basis.

d Capital Assets information not available prior to 1992-93. In 1994-95, includes the disposal of $449 million in capital assets, (primarily transfer of secondary highways to municipalities). In 2001-02, includes $1.8 billion transfer of provincial secondary highway system from municipalities to the Province.

e Net of cash set aside for future debt repayments. In 2001-02, the amount of $5,261 million includes commitment of $414 million to debt retirement based on a higher-than-expected year end cushion. This amount was transferred in 2002-03 from other assets.

f The $1,323 billion cost of the *Alberta 2005 Resource Rebate* is netted against personal income tax revenue in 2005-06.

g Includes $1,095 million to be transferred to the Sustainability Fund after March 31, 2006 from better than forecast 2005-06 fourth quarter results.

2005-06 Ministry Program Expense by Function[a]

(millions of dollars)

	Health	Education	Social Services	Transportation[b]	Economic Development[c]	Protection of Persons and Property	Regional Planning and Development	Recreation and Culture	Housing	Environment	General Government	Total Program Expense
Legislative Assembly	—	—	—	—	—	—	—	—	—	—	67	67
Aboriginal Affairs and Northern Development	—	—	—	—	—	—	39	—	—	—	—	39
Advanced Education	—	1,723	—	—	—	—	—	—	—	—	—	1,723
Agriculture, Food and Rural Development	—	—	—	—	1,060	—	—	—	—	—	—	1,060
Children's Services	—	—	818	—	—	—	—	—	—	—	—	818
Community Development	—	—	—	—	—	6	—	304	—	—	—	310
Economic Development	—	—	—	—	79	—	—	—	—	—	—	79
Education	—	4,600	—	—	—	—	—	—	—	—	—	4,600
Energy	—	—	—	8	134	—	—	—	—	14	45	201
Environment	—	—	—	—	—	—	—	—	—	143	—	143
Executive Council	—	—	—	—	—	—	—	—	—	—	25	25
Finance	51	—	—	—	19	23	282	—	—	—	181	556
Gaming	—	—	—	—	143	—	—	84	—	—	10	237
Government Services	—	—	—	—	4	79	—	—	—	—	3	86
Health and Wellness	9,198	—	—	—	—	—	—	—	—	—	—	9,198
Human Resources and Employment	—	270	450	—	7	38	—	—	—	—	15	780
Infrastructure and Transportation	379	310	—	2,321	17	34	—	—	7	24	370	3,462
Innovation and Science	—	—	—	—	197	—	—	—	—	—	—	197
International and Intergovernmental Relations	—	—	—	—	—	—	—	—	—	—	10	10
Justice	—	—	50	—	—	252	—	—	—	—	—	302
Municipal Affairs	—	—	—	—	—	182	87	—	—	—	30	299
Restructuring and Government Efficiency	—	—	—	—	—	—	—	—	—	—	61	61
Seniors and Community Supports	85	—	1,389	—	—	—	—	—	291	—	—	1,765
Solicitor General and Public Security	—	—	14	—	—	402	—	—	—	—	—	416
Sustainable Resource Development	—	—	—	—	138	152	—	—	—	19	—	309
Total Program Expense	**9,713**	**6,903**	**2,721**	**2,329**	**1,798**	**1,168**	**408**	**388**	**298**	**200**	**817**	**26,743**

[a] Does not include debt servicing costs or pension provisions.

[b] Transportation, Communications and Utilities.

[c] Agriculture, Resource Management and Economic Development.

Consolidated Financial Statements

Government of Alberta
Annual Report 2005-06

Consolidated Financial Statements of the Province of Alberta

Year ended March 31, 2006

INTRODUCTION

The financial statements in this annual report of the Government of Alberta are consolidation of the financial statements of government sector entities and Crown-controlled SUCH sector organizations which are presented in ministry annual reports.

Government sector entity financial statements include the financial statements of the Offices of the Legislative Assembly and ministry consolidated financial statements, which themselves are consolidation of the financial statements of departments, regulated funds, Provincial agencies and Crown-controlled corporations.

Financial statements of Crown-controlled SUCH sector organizations comprise the financial statements of school boards, universities, colleges, technical institutes and regional health authorities that are controlled by the government.

A listing of these organizations is provided in Schedule 18 to the financial statements.

The method of consolidation is described in the Accounting Policies note that forms part of the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Responsibility for the integrity and objectivity of the consolidated financial statements of the Province of Alberta rests with the government. The consolidated financial statements are prepared by the Controller under the general direction of the Deputy Minister of Finance, as authorized by the Minister of Finance pursuant to the *Financial Administration Act*. The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector, and of necessity include some amounts that are based on estimates and judgements. As required by the *Government Accountability Act*, the consolidated financial statements are included in the consolidated annual report of the Government of Alberta that forms part of the Public Accounts.

To fulfill its accounting and reporting responsibilities, the government maintains systems of financial management and internal control which give consideration to costs, benefits and risks, and which are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability for public money, and
- safeguard the assets and properties of the Province of Alberta under government administration.

Under the *Financial Administration Act*, deputy heads are responsible for the collection of revenue payable to the Crown, and for making and controlling disbursements with respect to their departments. They are also responsible for prescribing the accounting systems to be used in their departments. In order to meet government accounting and reporting requirements, the Controller obtains information relating to departments, regulated funds, Provincial agencies, Crown-controlled corporations, school boards, universities, colleges, technical institutes and regional health authorities that are controlled by the government from ministries as necessary.

The consolidated financial statements are reviewed by the Audit Committee established under the *Auditor General Act*. Under the *Fiscal Responsibility Act*, the Audit Committee must report publicly to the Executive Council on the progress made in eliminating the accumulated debt. The Audit Committee advises the Lieutenant Governor in Council on the scope and results of the Auditor General's audit of the consolidated financial statements of the Province.

The Auditor General of Alberta provides an independent opinion on the consolidated financial statements prepared by the government. The duties of the Auditor General in that respect are contained in the *Auditor General Act*.

Annually, the consolidated annual report is tabled in the Legislature as a part of the Public Accounts and is referred to the Standing Committee on Public Accounts of the Legislative Assembly.

Approved by:

Brian Manning
Deputy Minister of Finance

Nancy Cuelenaere
Acting Controller

Edmonton, Alberta
June 20, 2006

AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Province of Alberta as at March 31, 2006 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Government of Alberta and are prepared on its behalf by Finance Department management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Province of Alberta as at March 31, 2006 and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for the public sector.

FCA
Auditor General

Edmonton, Alberta
June 13, 2006

Consolidated Statement of Operations

YEAR ENDED MARCH 31, 2006

	2006	2005 Restated (Note 2)
	in millions	
Revenues (Schedule 1)		
Income taxes	$ 7,594	$ 7,013
Other taxes	3,273	3,165
Non-renewable resource revenue	14,347	9,744
Transfers from Government of Canada	3,392	3,219
Net investment income	2,348	1,809
Net income from commercial operations	2,192	2,020
Premiums, fees and licences	1,818	1,812
Increase in equity in Crown-controlled SUCH sector organizations (Schedule 9)	345	239
Other	578	546
	35,887	29,567
Expenses by function (Note 5, Schedules 2, 3 and 4)		
Health	9,713	9,060
Education	6,903	6,370
Social services	2,721	2,458
Transportation, communications and utilities	2,329	1,225
Agriculture, resource management and economic development	1,798	1,926
Protection of persons and property	1,168	959
Regional planning and development	408	421
Recreation and culture	388	294
Housing	298	160
Environment	200	189
General government	817	789
Debt servicing costs	248	302
Pension provisions	200	176
	27,191	24,329
Excess of revenues over expenses for the year (Note 5)	8,696	5,238
Net assets at beginning of year	28,878	23,640
Net assets at end of year	$ 37,574	$ 28,878

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Financial Position

AS AT MARCH 31, 2006

	2006	2005 Restated (Note 2)
	In millions	
Financial assets		
Cash and temporary investments (Schedule 6)	$ 6,197	$ 4,408
Accounts and accrued interest receivable	3,837	3,548
Portfolio investments (Schedule 7)	24,293	18,995
Equity in commercial enterprises (Schedule 8)	1,805	1,544
Equity in Crown-controlled SUCH sector organizations (Schedule 9)	3,139	2,794
Loans and advances (Schedule 10)	5,629	5,319
Inventories for resale (Schedule 11)	25	36
	44,925	36,644
Liabilities		
Accounts and accrued interest payable	5,613	4,741
Unmatured debt (Note 6 and Schedule 12)	2,617	3,802
Debt of Alberta Capital Finance Authority (Schedule 13)	4,656	4,267
Pension obligations (Schedule 14)	5,435	5,235
Other accrued liabilities (Schedule 15)	582	642
	18,903	18,687
Net financial assets	26,022	17,957
Non-financial assets		
Tangible capital assets (Schedule 16)	11,520	10,897
Inventories of supplies	32	24
	11,552	10,921
Net assets (Note 5)	$ 37,574	$ 28,878

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Change in Net Financial Assets

YEAR ENDED MARCH 31, 2006

	2006	2005 Restated (Note 2)
	In millions	
Excess of revenues over expenses for the year	$ 8,696	$ 5,238
Acquisition of tangible capital assets and inventories of supplies	(1,083)	(828)
Amortization of tangible capital assets and consumption of inventories of supplies	431	412
Net gain on disposal and write-down of tangible capital assets	(11)	(14)
Proceeds on sale of tangible capital assets	32	43
Increase in net financial assets	8,065	4,851
Net financial assets at beginning of year	17,957	13,106
Net financial assets at end of year	$ 26,022	$ 17,957

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Cash Flows

YEAR ENDED MARCH 31, 2006

	2006	2005 Restated (Note 2)
	In millions	
Operating transactions		
Excess of revenues over expenses for the year	$ 8,696	$ 5,238
Non-cash items	(8)	57
	8,688	5,295
Increase in receivables	(289)	(638)
Increase in payables	872	1,103
Other	(60)	(91)
Cash provided by operating transactions	9,211	5,669
Capital transactions		
Acquisition of tangible capital assets and inventories of supplies	(1,083)	(828)
Proceeds on sale of tangible capital assets	32	43
Cash applied to capital transactions	(1,051)	(785)
Investing transactions		
Purchase of portfolio investments	(10,659)	(8,576)
Disposals of portfolio investments	5,494	6,619
Loans and advances made	(1,011)	(825)
Repayment of loans and advances	684	645
Cash applied to investing transactions	(5,492)	(2,137)
Financing transactions		
Debt retirement	(6,635)	(7,221)
Debt issues	5,756	5,909
Cash applied to financing transactions	(879)	(1,312)
Increase in cash and temporary investments	1,789	1,435
Cash and temporary investments at beginning of year	4,408	2,973
Cash and temporary investments at end of year	$ 6,197	$ 4,408

The accompanying notes and schedules are part of these financial statements.

Notes to the 2005-06 Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

A) REPORTING ENTITY

These financial statements include the accounts of all government sector entities and Crown-controlled SUCH sector organizations.

Government sector entities include the Offices of the Legislative Assembly, departments, the Alberta Heritage Savings Trust Fund, and other regulated funds, Provincial agencies and Crown-controlled corporations.

Crown-controlled SUCH sector organizations comprise school boards, universities, colleges, technical institutes and regional health authorities that are controlled by the government.

A listing of these organizations is provided in Schedule 18.

B) METHOD OF CONSOLIDATION

The accounts of government sector entities, except those designated as commercial enterprises, are consolidated using the full consolidation method. Revenue and expense transactions, capital, investing and financing transactions, and related asset and liability accounts between consolidated government sector entities have been eliminated.

The accounts of Crown-controlled corporations, Provincial agencies designated as commercial enterprises and Crown-controlled SUCH sector organizations are consolidated on the modified equity basis, the equity being computed in accordance with Canadian generally accepted accounting principles applicable to these entities. Under the modified equity method of consolidation, the accounting polices of consolidated entities are not adjusted to conform with those of the government sector entities which are consolidated using the full consolidation method. Inter-sector revenue and expense transactions and related asset and liability balances are not eliminated.

The Public Sector Accounting Board has issued new standards that require Crown-controlled entities to be consolidated using the full consolidation method commencing on or before the 2008-09 fiscal year. In a transition period to March 31, 2008, these Crown-controlled entities are allowed to be consolidated using the modified equity basis of accounting.

The year end of school boards, colleges, technical institutes and some Provincial agencies is other than March 31. Transactions of these organizations that have occurred during the period to March 31, 2006 and that significantly affect the consolidation have been recorded.

C) BASIS OF FINANCIAL REPORTING

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue and included in accounts payable.

NOTE 1 (continued)

Non-renewable resource revenue is reported based on royalties on oil and gas produced during the year.

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria, if any, are met, and a reasonable estimate of the amounts can be made. Payments received in excess of the estimated amounts applicable to the fiscal year are included in accounts payable.

Expenses

Expenses represent the cost of resources consumed during the year on government operations. Expenses include provisions for amortization of acquired tangible capital assets and expenses incurred in accordance with the terms of approved grant programs, including grants for capital purposes and grants to Crown-controlled SUCH sector organizations from government sector entities. Grants are recognized as expenses when authorized, eligibility criteria, if any, are met, and a reasonable estimate of the amounts can be made.

Pension costs comprise the cost of pension benefits earned by employees during the year, interest on the Province's share of the unfunded pension liability, and the amortization over the expected average remaining service life of employees of deferred adjustments arising from experience gains and losses and changes in actuarial assumptions. Schedule 14 provides additional information on the net unamortized deferred losses relating to pensions.

In the Consolidated Statement of Operations, pension costs of government sector entities which are funded are included in expenses by function and costs which have not been funded are recorded as pension provisions. Pension costs of Crown-controlled SUCH sector organizations which are funded are included in net income or loss attributable to Crown-controlled SUCH sector organizations.

Costs arising from obligations under guarantees and indemnities are recorded as expenses when management determines that the Province will likely be called upon to make payment. The expense represents management's estimate of future payments less recoveries.

The estimated increase or decrease for the year in accrued employee vacation entitlements is also recorded in the appropriate expense function.

Financial Assets

Financial assets are limited to financial claims on external organizations and individuals, loans to and receivable from Crown-controlled SUCH sector organizations by government sector entities and inventories for resale at the year end.

Temporary investments are valued at cost or fair value, whichever is lower, on an aggregate basis.

Portfolio investments, which are investments authorized by legislation to provide income for the long term or for other special purposes, are carried at cost. Realized gains and losses on disposals of these investments are included in the determination of excess of revenues over expenses for the year. Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

Equity in Crown-controlled SUCH sector organizations represents the combined assets, net of the liabilities of these organizations, including pension obligations, if any, deferred capital contributions from government sector entities and related unamortized deferred capital contributions (see Schedule 9, Note (a)).

NOTE 1 (continued)

Loans are recorded at cost less any discounts and allowance for credit loss.

Inventories for resale representing the Province's share of royalty oil in feeder and trunk pipelines are stated at net realizable value. Other inventories for resale are valued at the lower of cost, determined on a first-in, first-out basis, and estimated net realizable value.

Liabilities

Liabilities, representing present obligations of the government to external organizations and individuals arising from transactions or events occurring prior to the year end, are recorded to the extent when there is an appropriate basis of measurement and a reasonable estimate of the amount can be made.

Liabilities also include the following:

- all financial claims payable by the government at the year end, including payables to Crown-controlled SUCH sector organizations,
- estimates of the present value of the government's obligations for future pension contributions and/or benefits under defined benefit pension plans for current and former provincial and other public sector employees, and certain current and former Members of the Legislative Assembly, including deferred adjustments,
- the government's obligation to provide future funding to school boards to enable them to repay the principal portion of their debentures to the Alberta Capital Finance Authority, and
- accrued employee vacation entitlements.

Debentures included in unmatured debt are recorded at the face amount of the issue less net unamortized discount, which includes issue expenses and hedging costs.

Income or expense on interest rate swaps and forward interest rate agreements used to manage interest rate exposure is recorded as an adjustment to debt servicing costs. The exchange gain or loss on the foreign exchange contracts used to manage currency exposure is deferred and amortized over the life of the contract.

Non-financial Assets

Non-financial assets are limited to tangible capital assets and inventories of supplies.

Tangible capital assets on the Consolidated Statement of Financial Position are restricted to tangible capital assets the Province acquired for cash or for other assets, and donated assets. Tangible capital assets acquired by right, such as Crown lands, forests, water and mineral resources, are not included.

Tangible capital assets of commercial enterprises and Crown-controlled SUCH sector organizations are included in the Consolidated Statement of Financial Position within equity in commercial enterprises and equity in Crown-controlled SUCH sector organizations respectively. Tangible capital assets of government sector entities are included in non-financial assets on the Consolidated Statement of Financial Position.

Amortization of tangible capital assets is calculated on a straight line basis over the periods expected to benefit from their use (see Schedule 16), and the annual amortization is included in the expenses reported in the Consolidated Statement of Operations. The annual amortization of the costs of tangible capital assets is allocated to the functions of the government that employ those assets.

Inventories of supplies are valued at the lower of cost, determined on a first-in, first-out basis, and replacement cost.

NOTE 1 (continued)

Derivative Contracts

Income and expense from derivative contracts are included in investment income or expenses by function. Certain derivative contracts, which are primarily interest rate swaps and cross-currency interest rate swaps, are designated as hedges of market risks for purposes of hedge accounting. Hedge accounting recognizes gains and losses from derivatives in the same period as the gains and losses of the specific assets and liabilities being hedged.

Where a hedge relationship is designated, the hedge is documented at inception. The documentation identifies the specific asset or liability being hedged, the risk that is being hedged, type of derivative used and the matching of critical terms of both the hedged asset or liability and the hedging derivative for purposes of measuring effectiveness. The derivative must be highly effective in accomplishing the objective of offsetting either changes in the fair value or cash flows attributable to the risk being hedged both at inception and over the life of the hedge.

Derivative contracts not designated as hedges for purposes of hedge accounting, which are primarily bond index swaps, equity index swaps, equity index futures contracts, forward foreign exchange contracts and credit default swap contracts, are recorded at fair value.

The estimated amount receivable and payable from derivative contracts are included in accrued interest receivable and payable respectively.

Foreign Currency

Assets and liabilities denominated in foreign currency are translated at the year end rate of exchange.

Foreign currency transactions are translated into Canadian dollars using average rates of exchange, except for hedged foreign currency transactions which are translated at rates of exchange established by the terms of the forward exchange contracts.

Amortization of deferred exchange gains and losses and other exchange differences on unhedged transactions are included in the determination of excess of revenues over expenses for the year.

Measurement Uncertainty

Estimates are used in accruing revenues and expenses in circumstances where the actual accrued revenues and expenses are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

Measurement uncertainty that is material to these financial statements exists in the accrual of personal and corporate income taxes, health transfers and Canada social transfer entitlements, royalties derived from non-renewable resources and provisions for pensions. The nature of the uncertainty in these items arises from several factors such as the effect on accrued income taxes of the verification of taxable income, the effect on accrued entitlements of health transfers and Canada social transfer being separate new entitlements with little historical experience, the effect on accrued royalties of the receipt of revised production data and reassessments, and the effect on accrued pension obligations of actual experience compared to assumptions.

NOTE 1 (continued)

Personal income tax, recorded as $6,000 million (2005 $4,649 million) in these consolidated financial statements, is subject to measurement uncertainty due primarily to the use of economic estimates of personal income growth. Personal income has been assumed to increase by 8.2% in 2005-06. For every percentage change in the assumed personal income growth rate, personal income tax revenue will increase or decrease by $96 million. Use of this information in the past has resulted in a number that differs, on average, from final results by plus or minus $200 million.

Corporate income tax, recorded as $2,917 million (2005 $2,364 million) in these consolidated financial statements, is subject to measurement uncertainty due primarily to the use of five year moving average of historical corporate income tax refund ratios in the estimation of corporate income tax revenue balance. Use of this information in the past has resulted in a number that differs, on average, from final results by plus or minus $160 million.

Natural gas and by-products royalty recorded as $8,388 million (2005 $6,439 million) in these consolidated financial statements, is also subject to measurement uncertainty due to statistical analysis of industry data such as allowable costs incurred by royalty payers, production volumes and royalty rates in the estimation of natural gas and by-products royalty revenue balance. Use of this information in the past has resulted in a number that differs from final results by plus or minus $130 million.

While best estimates have been used for reporting items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recognized amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

NOTE 2 REPORTING CHANGE

Effective for the 2005-06 fiscal year, the Province expanded its reporting entity to include the accounts of Crown-controlled SUCH sector organizations and Safety Codes Council in its consolidated financial statements on a modified equity basis (see Note 1(B) and Schedule 18). Previously, the financial statements of these Crown-controlled entities were not included in the Province's accounts.

This change has been applied retroactively and as a result of the change, net assets as at April 1, 2004 have been increased by $2,558 million and the excess of revenues over expenses for the year ended March 31, 2005 increased by $239 million. The following is a summary of the effect of the reporting change on the 2004-05 consolidated financial statements.

	March 31, 2005		
	As Previously Reported	Reporting Change	As Restated
	In millions		
Revenues	$ 29,328	$ 239	$ 29,567
Expenses	24,329	-	24,329
Excess of revenues over expenses	4,999	239	5,238
Net assets at beginning of year	21,082	2,558	23,640
Net assets at end of year	$ 26,081	$ 2,797	$ 28,878

If the change had not been made, net assets as at March 31, 2006 would have been $34,431 million and the excess of revenues over expenses for the year ended March 31, 2006 would amount to $8,350 million.

NOTE 3 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Due to their short term nature, the fair values of cash and cash equivalents, accrued interest, receivables, payables and accrued liabilities are estimated to approximate their book values.

The fair value of loans and advances made under the authority of the *Alberta Capital Finance Authority Act* is based on the net present value of future cash flows discounted using the Authority's current cost of borrowing. The fair value of loans and advances made under the authority of the *Agriculture Financial Services Act* is based on future cash flows discounted using rates equivalent to the market rates on loans with similar terms and credit risk. Fair values of some of the other loans and advances are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair values with sufficient reliability.

The fair value of unmatured debt and debt of Alberta Capital Finance Authority is an approximation of its fair value to the holder.

The methods used to determine the fair values of temporary investments and portfolio investments are as follows:

Public fixed-income securities and equities are valued at the year-end closing sale price, or the average of the latest bid and ask prices quoted by an independent securities valuation company.

Mortgages and certain non-public provincial debentures are valued based on the net present value of future cash flows. These cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market.

The fair value of alternative investments including absolute return strategy investments, investments in partnership interests, private investment funds, private equities and securities with limited marketability is estimated using methods such as cost, discounted cash flows, earnings multiples, prevailing market values for instruments with similar characteristics and other pricing models as appropriate. Real estate investments are reported at their most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers using methods such as cost, discounted cash flows, earnings multiples, prevailing market values for properties with similar characteristics and other pricing models as appropriate. As quoted market prices are not readily available for these investments, estimated fair values may not reflect amounts that could be realized upon immediate sale, nor amounts that may ultimately be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The value of derivative contracts is determined by the following methods. Equity and bond index swaps are valued based on changes in the appropriate market based index net of accrued floating rate interest. Interest rate swaps and cross-currency interest rate swaps are valued based on discounted cash flows using current market yields and exchange rates. Credit default swaps are valued based on discounted cash flows using current market yields and calculated default probabilities. Forward foreign exchange contracts and equity index futures contracts are valued based on quoted market prices.

At the year end, the fair value of investments and any other assets and liabilities denominated in a foreign currency are translated to Canadian dollars at the year end exchange rate.

NOTE 4 FINANCIAL RISK MANAGEMENT

A) LIABILITY MANAGEMENT

The objective of the Province's liability management program is to achieve the lowest cost on debt within an acceptable degree of variability of debt servicing costs. In order to achieve this objective, the Province manages four financial risks: interest rate risk, currency exchange risk, credit risk, and refinancing risk. The Province manages these four risks within approved policy guidelines. The management of these risks and the policy guidelines apply to the Province's direct debt, excluding debt raised to fund requirements of provincial corporations and regulated funds. Debt of provincial corporations and regulated funds is managed separately in relation to their assets.

The Province has decided, in light of the current debt reduction environment, that the most effective liability risk management strategy is to allow existing debt instruments to mature in accordance with their terms.

B) ASSET MANAGEMENT

The majority of the Province's portfolio investments are in the Alberta Heritage Savings Trust Fund (Heritage Fund). The investment objective is to invest in a diversified portfolio to maximize long-term returns at an acceptable level of risk. The policy asset mix for fixed income securities is 35%. The policy mix for public equity investment is 45%. The remainder of the portfolio is invested in real estate, private equities and absolute return strategies.

The General Revenue Fund also holds substantial amounts of the Province's portfolio investments. General Revenue Fund portfolio investments are used to repay debt as it matures, to provide funding for the capital plan, and to help protect operating and capital spending from short term declines in revenue and the costs of emergencies, disasters, natural gas rebates and settlements with First Nations. The investment objective is to preserve the value of the investments while maintaining appropriate liquidity and earning a fair or reasonable rate of return.

The investments in the Alberta Heritage Foundation for Medical Research Endowment Fund, the Alberta Heritage Science and Engineering Research Endowment Fund, the Alberta Heritage Scholarship Fund and the money allocated to the Heritage Fund under the *Access to the Future Act* are managed to preserve the capital of the funds over the long term and to provide an annual level of income to intermediary boards responsible for making grants to researchers in the fields of medicine, science, engineering, innovation and excellence, and to students.

NOTE 5 BUDGET

The budget amounts were derived from Budget 2005 tabled in the Legislature on April 13, 2005.

The following table compares the net financial position of all government sector entities with the March 31, 2006 estimate provided in Budget 2005. The table uses the same grouping of financial assets and liabilities as the budget.

	2006		2005
	Estimate	Actual	Actual Restated (Note 2)
		In millions	
Financial assets			
Heritage Fund external investments	$ 11,746	$ 13,414	$ 11,274
Self-supporting lending organizations [a]	5,466	6,617	6,037
Capital Account [b]	2,228	4,243	674
Alberta Sustainability Fund [c]	2,500	4,083	3,498
Endowment funds [d]	1,811	2,327	1,658
Debt Retirement Account (Note 6)	2,220	2,197	3,479
Other financial assets	4,775	8,905	7,230
	30,746	41,786	33,850
Liabilities			
Pension obligations	5,364	5,435	5,235
Self-supporting lending organizations [a]	4,352	5,298	4,917
Accumulated debt (Note 6)	2,220	2,195	3,475
Liabilities for government-owned capital	92	126	8
Accounts and interest payable and other liabilities	3,582	5,849	5,052
	15,610	18,903	18,687
Net financial assets of government sector entities	15,136	22,883	15,163
Tangible capital assets and inventories of supplies	11,475	11,552	10,921
Net assets of government sector entities	26,611	34,435	26,084
Pension obligations	5,364	5,435	5,235
Net assets for fiscal policy purposes	$ 31,975	39,870	31,319
Pension obligations		(5,435)	(5,235)
Equity in Crown-controlled SUCH sector organizations		3,139	2,794
Net assets for financial statement purposes		$ 37,574	$ 28,878

(a) Alberta Capital Finance Authority and Agriculture Financial Services Corporation.

(b) The Capital Account was established to provide funding for the capital plan. Under the Province's fiscal framework, funds can be deposited into the Capital Account in one year to pay for capital projects in the following years.

(c) The Alberta Sustainability Fund was established to help protect operating and capital spending from short term declines in revenue and the costs of emergencies, disasters, natural gas rebates and settlements with First Nations.

(d) Alberta Heritage Foundation for Medical Research Endowment Fund, Alberta Heritage Science and Engineering Research Endowment Fund, and Alberta Heritage Scholarship Fund.

NOTE 5 (continued)

The following table compares the results of operations of all government sector entities with the March 31, 2006 estimate provided in Budget 2005.

	2006 Estimate	2006 Actual	2005 Actual
		In millions	
Revenues for fiscal policy purposes (Schedule 1)	$ 27,346	$ 35,542	$ 29,328
Expenses (Schedules 2, 3 and 4)	25,967	27,191	24,329
	1,379	8,351	4,999
Adjustment for pension provisions (Schedule 5)	141	200	176
Net revenue for fiscal policy purposes	$ 1,520	8,551	5,175
Adjustment for pension provisions (Schedule 5)		(200)	(176)
Increase in equity in Crown-controlled SUCH sector organizations (Note 2, Schedules 1 and 9)		345	239
Excess of revenues over expenses for financial statement purposes (Restated, Note 2)		$ 8,696	$ 5,238

NOTE 6 FISCAL RESPONSIBILITY LEGISLATION

Since 1999, the *Fiscal Responsibility Act* (the Act) has required that the Province not incur a deficit, as defined under the Act, in any fiscal year. Effective April 1, 2005, the Act also requires that the financial assets in the Debt Retirement Account must be equal to or greater than the amount of the accumulated debt at the fiscal year end. During 2005-06, the Province complied with the Act.

ACCUMULATED DEBT

The table below shows the balance of accumulated debt at March 31, 2006.

	2006	2005
	In millions	
Unmatured debt (Schedule 12)	$ 2,617	$ 3,802
Funding obligation for school board debentures (Schedule 15)	381	451
Adjustments to conform to statutory definition		
Borrowings for provincial corporations	(884)	(900)
Other	81	122
Accumulated debt at end of year	$ 2,195	$ 3,475

In addition, Note 5 shows that funds amounting to $2,197 million (2005 $3,479 million), at cost, have been set aside in the Debt Retirement Account to retire accumulated debt that has not yet matured.

	2006 Estimate	2006 Actual	2005 Actual
		In millions	
Accumulated debt at end of year	$ 2,220	$ 2,195	$ 3,475
Funds available for debt repayment	2,220	2,197	3,479
Accumulated debt less funds set aside	$ -	$ (2)	$ (4)

NOTE 7 CONTRACTUAL OBLIGATIONS

	2006	2005 Restated (Note 2)
	In millions	
Obligations under long-term leases, contracts and programs	$ 22,332	$ 17,583
Loans and advances approved	39	46
	$ 22,371	$ 17,629

Estimated payment requirements for each of the next five years and thereafter are as follows:

	In millions
2006-07	$ 6,161
2007-08	5,511
2008-09	3,958
2009-10	2,806
2010-11	2,111
Thereafter	1,785
	$ 22,332

The government has various commitments relating to the devolution of services or disposition of assets to the private sector. Those commitments include the performance of duties and obligations if the private sector organization fails to meet them.

NOTE 8 CONTINGENT LIABILITIES

Set out below are details of contingent liabilities resulting from guarantees, indemnities and litigation, other than those reported as liabilities and shown in Schedule 15. Any losses arising from the settlement of contingent liabilities are treated as current year expenses.

A) INDEMNITIES AND GUARANTEES

Guarantees amounting to $129 million (2005 $151 million) are analyzed in Schedule 17.

B) CONTINGENT LIABILITIES OF COMMERCIAL ENTERPRISES

The Credit Union Deposit Guarantee Corporation has a potential liability under guarantees relating to deposits of credit unions. At December 31, 2005 credit unions in Alberta held deposits totalling $10.0 billion (2004 $9.0 billion) and had assets in excess of deposits.

At March 31, 2006, Alberta Treasury Branches had a potential liability under guarantees and letters of credit amounting to $145 million (2005 $133 million).

C) LEGAL ACTIONS

At March 31, 2006, the Province was involved in various legal actions, the outcome of which is not determinable. Accruals have been made in specific instances where it is probable that losses will be incurred which can be reasonably estimated. The resulting loss, if any, from claims in excess of the amounts accrued cannot be determined.

The Province has a contingent liability in respect of 32 claims (2005 34) concerning aboriginal rights, Indian title and treaty rights. In most cases, these claims have been filed jointly and severally against the Province of Alberta and the Government of Canada, and in some cases involve third parties. Of these claims, 19 (2005 21) have specified amounts totalling $124.9 billion (2005 $125.2 billion) plus a provision for interest and other costs that is not calculable. The other 13 claims (2005 13) have not specified any amounts.

NOTE 8 (continued)

The Province was named as a defendant in a legal action concerning the methodology used to calculate pension benefit payments under three public sector pension plans. The claim has been filed jointly and severally against the Province of Alberta and the employers participating in these pension plans. The claim specified an amount of $3.75 billion (2005 $3.75 billion) plus a provision for interest and other costs that is not calculable.

Further, the Province was named as defendant in various other legal actions in addition to those noted above. The total claimed in specific legal actions amounts to approximately $4.1 billion (2005 $3.6 billion).

NOTE 9 DERIVATIVE CONTRACTS

Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, liabilities, indices, interest rates or currency rates. The government uses derivative contracts to enhance investment return, manage exposure to interest and foreign currency risks, and for asset mix management purposes. Associated with these instruments are credit risks that could expose the government to potential losses. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Credit exposure to counterparties is insignificant in relation to the notional principal amount. The notional value of a derivative contract represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows. The notional amounts, upon which payments are based, are not indicative of the credit risk associated with derivative contracts. Current credit exposure is represented by the current replacement cost of all outstanding contracts in a favourable position (positive fair value). The government attempts to limit its credit exposure by dealing with counter-parties believed to have good credit standing.

As at March 31, 2006, the notional amount of all derivative contracts issued by the government amounted to $15.8 billion (2005 $9.3 billion). All derivative contracts taken together had a net positive fair value of $244 million (2005 $117 million).

NOTE 10 TRUST FUNDS UNDER ADMINISTRATION

Trust funds under administration are regulated and other funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purposes of various trusts, they are not included in the consolidated financial statements. As at March 31, 2006, trust funds under administration were as follows:

	2006	2005
	In millions	
Public Sector Pension Plan Funds	$ 24,109	$ 20,531
Teachers' Pension Plan Funds	3,574	3,161
The Workers' Compensation Board Accident Fund	3,317	2,607
Regional Health Authorities and various health institutions construction accounts	755	915
Public Trustee	480	482
Special Areas Trust Account	75	72
Various Court Offices and Fines Distribution Trust	58	62
Miscellaneous trust funds	252	217
	$ 32,620	$ 28,047

NOTE 11 DEFINED BENEFIT PLANS

A) PENSION PLANS

The government administers three contributory defined benefit pension plans for the current employees of government entities: the Public Service Pension Plan, Management Employees Pension Plan and Supplementary Retirement Plan for Public Service Managers. Pension costs for these plans, which were funded by government sector entities during 2005-06 and included in expenses by function in these financial statements, amounted to $146 million (2005 $123 million).

Benefits paid from these plans are based on length of service and pensionable earnings. The average age of the approximately 45,400 active employees is 44. In addition, there are approximately 10,800 former employees who are entitled to refunds of contributions with interest or pension benefits when all of the eligibility requirements are met. At present, these plans provide benefits for approximately 20,000 retirees. Benefit payments were $261 million in 2005-06 (2005 $243 million). Total contributions were $334 million in 2005-06 (2005 $287 million), of which employee contributions amounted to $158 million (2005 $139 million).

The government guarantees payment of all benefits under the Management Employees Pension Plan arising from service before 1994.

A separate pension plan fund administered by the government is maintained for each pension plan. Pension plan fund assets are invested in both marketable investments of organizations external to the government and in Province of Alberta bonds and promissory notes.

At December 31, 2005, the Supplementary Retirement Plan for Public Service Managers reported a surplus of $10 million (2004 $9 million) when the Management Employees and the Public Service Pension Plans reported deficiencies. The deficiencies were extrapolated to March 31, 2006 and the government's share of the employer's estimated accrued benefit liability with respect to the Management Employees and the Public Service Pension Plans is analyzed in Schedule 14.

B) LONG TERM DISABILITY INCOME CONTINUANCE PLANS

The government also administers two long term disability income continuance plans. As at March 31, 2006, these plans taken together reported an actuarial deficiency of $0.4 million (2005 $9 million). At March 31, 2006, the government's share of the estimated accrued benefit liability for these plans has been recognized in these financial statements.

NOTE 12 COMPARATIVE FIGURES

Certain 2005 figures have been restated, where necessary, to conform to 2006 presentation.

Schedules to the 2005-06 Consolidated Financial Statements

REVENUES **Schedule 1**

	2006 Budget (Note 5)	2006 Actual	2005 Actual
		In millions	
Income taxes			
Personal income tax	$ 5,199	$ 6,000	$ 4,649
Alberta 2005 Resource Rebate	-	(1,323)	-
Corporate income tax	2,278	2,917	2,364
	7,477	7,594	7,013
Other taxes			
School property tax	1,273	1,283	1,247
Tobacco tax	735	719	698
Fuel tax	645	664	641
Freehold mineral rights tax	310	334	306
Insurance taxes	186	215	212
Tourism levy / Hotel room tax	50	58	61
	3,199	3,273	3,165
Non-renewable resource revenue			
Natural gas and by-products royalty	5,418	8,388	6,439
Bonuses and sales of Crown leases	886	3,490	1,252
Crude oil royalty	923	1,463	1,273
Synthetic crude oil and bitumen royalty	393	950	718
Rentals and fees	145	156	153
Coal royalty	8	11	11
Royalty tax credit	(93)	(111)	(102)
	7,680	14,347	9,744
Transfers from Government of Canada			
Health transfers	2,048	1,839	1,737
Canada social transfer	690	597	605
Agriculture support programs	355	299	506
Other	408	657	371
	3,501	3,392	3,219
Net investment income	1,376	2,348	1,809
Net income from commercial operations			
Lottery operations	1,202	1,389	1,260
Liquor operations	560	597	567
Other	167	206	193
	1,929	2,192	2,020
Premiums, fees and licences			
Health care insurance premiums	875	897	918
Motor vehicle licences	291	312	285
Crop and hail insurance premiums	157	142	136
Timber rentals and fees	81	86	130
Other	343	381	343
	1,747	1,818	1,812
Other	437	578	546
Revenues for fiscal policy purposes	$ 27,346	35,542	29,328
Increase in equity in Crown-controlled SUCH sector organizations (Note 2 and Schedule 9)		345	239
Revenues for financial statement purposes (Restated, Note 2)		$ 35,887	$ 29,567

EXPENSES BY MINISTRY **Schedule 2**

	2006 Budget (Note 5)	2006 Actual	2005 Actual [a]
	In millions		
Program expenses			
Offices of the Legislative Assembly	$ 70	$ 67	$ 72
Ministries [a]			
Health and Wellness	8,977	9,198	8,286
Education	4,507	4,600	4,219
Infrastructure and Transportation	3,042	3,462	2,746
Seniors and Community Supports	1,631	1,765	1,420
Advanced Education	1,658	1,723	1,449
Agriculture, Food and Rural Development	1,151	1,060	1,291
Children's Services	799	818	760
Human Resources and Employment	778	780	758
Finance	588	556	577
Solicitor General and Public Security	405	416	358
Community Development	247	310	202
Sustainable Resource Development	225	309	317
Justice	314	302	283
Municipal Affairs	127	299	149
Gaming	169	237	196
Energy	203	201	192
Innovation and Science	181	197	194
Environment	138	143	132
Government Services	90	86	77
Economic Development	80	79	57
Restructuring and Government Efficiency	80	61	53
Aboriginal Affairs and Northern Development	39	39	36
Executive Council	26	25	19
International and Intergovernmental Relations	10	10	8
	25,535	26,743	23,851
Debt servicing costs	291	248	302
Pension provisions [b]	141	200	176
	$ 25,967	$ 27,191	$ 24,329

(a) As the result of program restructuring announced in Budget 2005 and throughout the year, the responsibilities of ministries changed. This schedule is prepared on the basis as if the ministries had always been assigned their current responsibilities. Comparative figures have been reclassified, where necessary, to conform to 2006 presentation.

(b) Pension provisions are related to Education and Finance.

COMPARISON OF EXPENSES BY FUNCTION WITH BUDGET

Schedule 3

	2006		2005
	Budget (Note 5)	Actual	Actual [a]
	In millions		
Expenses by function			
Health	$ 9,510	$ 9,713	$ 9,060
Education	6,754	6,903	6,370
Social services	2,684	2,721	2,458
Transportation, communications and utilities	1,889	2,329	1,225
Agriculture, resource management and economic development	1,816	1,798	1,926
Protection of persons and property	911	1,168	959
Regional planning and development	409	408	421
Recreation and culture	328	388	294
Housing	179	298	160
Environment	193	200	189
General government	862	817	789
Debt servicing costs	291	248	302
Pension provisions	141	200	176
	$ 25,967	$ 27,191	$ 24,329

(a) Comparative figures have been reclassified, where necessary, to conform to 2006 presentation.

EXPENSES BY OBJECT

Schedule 4

	2006	2005
	In millions	
Grants		
Crown-controlled SUCH sector organizations	$ 12,447	$ 11,630
Other	7,956	6,144
Services	2,965	2,907
Salaries, wages, employment contracts and benefits	1,977	1,808
Interest and amortization of exchange gains and losses	484	553
Amortization of tangible capital assets	431	412
Valuation adjustments (Schedule 5)	299	301
Materials and supplies	223	196
Pension liability funding	215	196
Travel and communication	159	139
Other	35	43
	$ 27,191	$ 24,329

VALUATION ADJUSTMENTS

Schedule 5

	2006 Budget (Note 5)	2006 Actual	2005 Actual
	In millions		
Pension provisions	$ 141	$ 200	$ 176
Provision for losses, doubtful accounts, loans, guarantees and indemnities	84	82	116
Provision for employee benefits other than pensions	9	17	9
	$ 234	$ 299	$ 301

CASH AND TEMPORARY INVESTMENTS

Schedule 6

	2006 Book Value	2006 Fair Value	2005 Book Value	2005 Fair Value
	In millions			
Fixed-income securities [a]				
Government of Canada, direct and guaranteed	$ 142	$ 141	$ 269	$ 270
Provincial, direct and guaranteed	287	287	144	145
Corporate	2,737	2,738	1,471	1,471
Pooled investment funds	27	27	23	24
	3,193	3,193	1,907	1,910
Cash and cash equivalents	3,004	3,004	2,501	2,501
	$ 6,197	$ 6,197	$ 4,408	$ 4,411

(a) Fixed-income securities had an average effective market yield of 3.9% per annum (2005 2.7% per annum). All (2005 all) of the securities had terms to maturity of less than one year.

PORTFOLIO INVESTMENTS

Schedule 7

	2006 Book Value	2006 Fair Value	2005 Book Value	2005 Fair Value
	In millions			
Fixed-income securities [a][b][c]				
Government of Canada, direct and guaranteed	$ 1,299	$ 1,294	$ 558	$ 559
Provincial, direct and guaranteed	2,614	2,610	2,218	2,227
Municipal	149	148	72	72
Corporate	4,631	4,611	3,360	3,357
Pooled investment funds	5,176	5,197	4,106	4,193
	13,869	13,860	10,314	10,408
Equities [c]				
Canadian	3,098	3,525	2,519	2,829
Foreign	5,395	6,016	4,330	4,616
Real estate	1,289	1,677	1,138	1,341
Absolute return strategies	642	645	694	689
	10,424	11,863	8,681	9,475
	$ 24,293	$ 25,723	$ 18,995	$ 19,883

Schedule 7 (continued)

(a) The majority of the Province's fixed-income securities are held by the General Revenue Fund to repay debt as it matures, to provide funding for the capital plan, and to help protect operating and capital spending from short-term declines in revenue and the costs of emergencies, disasters, natural gas rebates and settlements with First Nations. As at March 31, 2006, the General Revenue Fund held $8.67 billion (2005 $6.19 billion) of public fixed-income securities at cost (Fair value $8.64 billion (2005 $6.19 billion)). The securities held have an average effective market yield of 4.2% (2005 3.4%) per annum. 41% of the securities held had terms to maturity of less than one year.

(b) Fixed-income securities are also held by the Alberta Heritage Savings Trust Fund (Heritage Fund). As at March 31, 2006, the Heritage Fund held $4.53 billion (2005 $3.66 billion) of public fixed-income securities at cost (Fair value $4.55 billion (2005 $3.73 billion)). The securities held have an average effective market yield of 4.8% (2005 4.6%) per annum and the following term structure based on principal amount.

	2006	2005
	%	
Under 1 year	3	4
1 to 5 years	31	35
6 to 10 years	35	32
11 to 20 years	12	12
Over 20 years	19	17
	100	100

(c) The Heritage Fund and the endowment funds (Note 5 (d)) use derivative contracts to enhance investment return, hedge risks and manage asset mix.

As at March 31, 2006, the notional amount of all derivative contracts issued by the Heritage Fund amounted to $8.1 billion (2005 $4.0 billion). All derivative contracts taken together had a net positive fair value of $136 million (2005 $19 million) (see Note 9). The following is a summary of the notional amount and fair value of derivative contracts held by the Heritage Fund at March 31, 2006.

	Maturity			2006		2005	
	Under 1 Year	1 to 3 Years	Over 3 Years	Notional Amount	Net Fair Value	Notional Amount	Net Fair Value
	%			*in millions*			
Equity index swap contracts	75	25	-	$ 2,460	$ 45	$ 1,534	$ 8
Forward foreign exchange contracts	100	-	-	1,554	(2)	936	13
Credit default swap contracts	2	5	93	1,298	3	128	1
Interest rate swap contracts	22	49	29	1,054	(2)	491	(12)
Equity index futures contracts	100	-	-	783	16	302	6
Cross-currency interest rate swap contracts	14	34	52	712	52	581	2
Bond index swap contracts	100	-	-	237	24	61	1
				$ 8,098	$ 136	$ 4,033	$ 19

As at March 31, 2006, the notional amount of all derivative contracts issued by the endowment funds amounted to $1.3 billion (2005 $0.6 billion). All derivative contracts taken together had a net positive fair value of $26 million (2005 $3 million) (see Note 9).

EQUITY IN COMMERCIAL ENTERPRISES

Schedule 8

	2006	2005
	In millions	
Accumulated surpluses		
Accumulated surpluses at beginning of year	$ 1,463	$ 1,245
Total revenue	4,175	3,797
Total expense	1,984	1,777
Net revenue	2,191	2,020
Net transfers to departments and other adjustments	(1,936)	(1,802)
Accumulated surpluses at end of year	$ 1,718	$ 1,463
Represented by		
Assets		
Loans	$ 14,846	$ 13,138
Investments	1,486	1,029
Other	1,787	1,628
	18,119	15,795
Liabilities		
Accounts payable	459	426
Deposits	15,870	13,840
Unmatured debt	72	66
	16,401	14,332
	$ 1,718	$ 1,463
Equity in commercial enterprises at end of year		
As reported by the entities		
Alberta Treasury Branches (ATB) [a]	$ 1,349	$ 1,150
Alberta Gaming and Liquor Commission	262	213
Credit Union Deposit Guarantee Corporation	105	98
N.A. Properties (1994) Ltd.	2	2
	1,718	1,463
Elimination of inter fund/agency balances	87	81
	$ 1,805	$ 1,544

(a) ATB uses derivative contracts for risk management purposes and to hedge its own exposure to interest rate and exchange rate risks. As at March 31, 2006, the notional amount of all derivative contracts issued by ATB amounted to $3.2 billion (2005 $2.4 billion). All derivative contracts taken together had a net positive fair value of $83 million (2005 $58 million) (see Note 9). The following is a summary of the notional amount and fair value of derivative contracts held by ATB as at March 31, 2006.

	Maturity			2006		2005	
	Under 1 Year	1 to 3 Years	Over 3 Years	Notional Amount	Net Fair Value	Notional Amount	Net Fair Value
	%			*in millions*			
Interest rate swaps and options	58	42	-	$ 2,909	$ 4	$ 2,047	$ 3
Equity options	38	62	-	319	79	337	55
Other	100	-	-	1	-	7	-
				$ 3,229	$ 83	$ 2,391	$ 58

EQUITY IN CROWN-CONTROLLED SUCH SECTOR ORGANIZATIONS

Schedule 9

	2006	2005
	In millions	
Equity at beginning of year	$ 2,794	$ 2,555
Transfers from government sector entities	11,679	10,697
Other income	3,051	2,917
Total income	14,730	13,614
Total expenses	14,507	13,445
Net income	223	169
Contributions to endowments	122	70
Increase in equity for the year	345	239
Equity at end of year	$ 3,139	$ 2,794
Represented by		
Assets		
Cash and temporary investments	$ 1,336	$ 1,391
Due from government sector entities	455	367
Investments	2,538	2,362
Tangible capital assets	10,031	9,368
Accounts receivable and other assets	1,627	872
	15,987	14,360
Liabilities		
Accounts payable and accrued liabilities	1,536	1,441
Debt held by government sector entities	591	592
Other liabilities and unmatured debt	813	742
Deferred contributions [a]	1,063	984
Deferred capital contributions [a]	1,445	938
Unamortized deferred capital contributions [a]	7,400	6,869
	12,848	11,566
	$ 3,139	$ 2,794
Equity as reported by school boards, universities, colleges, technical institutes and regional health authorities at end of year [b]		
Universities	$ 1,810	$ 1,608
Colleges, technical institutes and The Banff Centre	593	517
School boards	380	379
Regional health authorities	356	290
	$ 3,139	$ 2,794
Increase in equity for the year as reported by school boards, universities, colleges, technical institutes and regional health authorities		
Universities	$ 202	$ 135
Colleges, technical institutes and The Banff Centre	76	59
School boards	1	4
Regional health authorities	66	41
	$ 345	$ 239

(a) Crown-controlled SUCH sector organizations follow the deferral method of accounting. Restricted non-capital contributions are deferred and recognized as revenue when related expenses are incurred. Deferred contributions represent restricted non-capital contributions which remain unspent. Capital contributions, including contributions from government sector entities, are recorded as deferred capital contributions until invested in tangible capital assets. Amounts invested are then transferred to the unamortized deferred capital contribution account and recognized as revenue when the related amortization expense of tangible capital assets is recorded.

Schedule 9 (continued)

(b) The principal of externally restricted endowments included in equity must be maintained intact in perpetuity. Investment income earned on externally restricted endowments must be used in accordance with the various purposes established by the donors.

LOANS AND ADVANCES

Schedule 10

	2006	2005
	In millions	
Loans and advances made under the authority of		
Alberta Capital Finance Authority Act [a]	$ 4,390	$ 4,094
Agriculture Financial Services Act [b]	986	995
Student Loan Act	240	225
Alberta Heritage Savings Trust Fund Act	192	186
Alberta Housing Act	20	30
Farm Credit Stability Act	8	14
Financial Administration Act	9	9
	5,845	5,553
Less allowance for doubtful accounts	216	234
	$ 5,629	$ 5,319

(a) The fair value of the loans as at March 31, 2006 was $4,814 million (2005 $4,574 million). Municipal loans on average yield 6.4% (2005 7.2%) per annum and have the following term structure as at March 31, 2006.

	2006	2005
	%	%
Under 1 year	9	12
1 to 5 years	35	36
6 to 10 years	26	25
Over 10 years	30	27
	100	100

Interest rate contracts are used to manage exposure to fluctuations in interest rates in certain fixed rate loans and related debt (see Schedule 13) made after January 1, 2004. As at March 31, 2006, loans to Crown-controlled school boards amounted to $393 million (2005 $464 million).

(b) The fair value of the loans as at March 31, 2006 was $956 million (2005 $941 million). Agricultural loan portfolios on average yield 6.6% per annum (2005 6.9%) per annum and have the following term structure as at March 31, 2006.

	2006	2005
	%	%
Under 1 year	13	14
1 to 5 years	37	36
6 to 10 years	26	26
Over 10 years	24	24
	100	100

INVENTORIES FOR RESALE

Schedule 11

	2006	2005
	In millions	
Royalty oil	$ 18	$ 26
Other inventories	7	10
	$ 25	$ 36

UNMATURED DEBT

Schedule 12

	2006				2005	
	Effective Rate [a]	Modified Duration [b]	Book Value [a]	Fair Value [a]	Book Value [a]	Fair Value [a]
	%	years	*In millions*			
Direct debt						
Canadian dollar debt and fully hedged foreign currency debt						
Floating rate and short-term fixed rate [c]	3.50	0.28	$ 367	$ 366	$ 1,307	$ 1,313
Fixed rate long-term [d]	6.84	4.08	2,171	2,423	2,285	2,601
	6.35	3.58	2,538	2,789	3,592	3,914
Unhedged U.S. dollar debt						
Floating rate and short-term fixed rate	-	-	-	-	130	123
	6.35	3.58	2,538	2,789	3,722	4,037
Alberta Social Housing Corporation						
Canadian dollar fixed rate debt			79	118	80	118
			$ 2,617	$ 2,907	$ 3,802	$ 4,155

(a) Book value represents the amount the Province owes. Fair value is an approximation of market value to the holder. The book value, fair value and weighted average effective rate include the effect of interest rate swaps. Effective rate is the rate that exactly discounts estimated future cash payments through the expected term of the debt to the net carrying amount. For non-marketable issues, the effective rate and fair value are determined by reference to yield curves for comparable quoted issues.

(b) Modified duration is the weighted average term to maturity of a security's cash flows (i.e. interest and principal) and is a measure of price volatility. The greater the modified duration of a bond, the greater its percentage price volatility.

(c) Floating rate debt includes short-term debt, term debt with less than one year remaining to maturity, and term debt with interest rate reset within a year.

(d) Canadian dollar fixed rate debt includes $679 million (2005 $679 million) held by the Canada Pension Plan Investment Fund.

Schedule 12 (continued)

Debt principal repayment requirements at par in each of the next five years, including short-term debt maturing in 2006-07 and thereafter, are as follows:

	In millions
2006-07	$ 179
2007-08	275
2008-09	732
2009-10	80
2010-11	280
Thereafter to 2016-17	1,078
	2,624
Unamortized discount	7
	$ 2,617

None of the debt has call provisions (2005 none).

Derivative financial instruments

The government uses interest rate swaps contracts to manage the interest rate risk associated with unmatured debt. Interest rate swaps involve the exchange of a series of interest payments, either at a fixed or floating rate, based upon a contractual or notional principal amount. An interest rate swap agreement based upon a notional amount involves no exchange of underlying principal. The notional amount serves as the basis for determining the exchange of interest payments. At March 31, 2006, interest rate swap agreements were being used primarily to convert fixed interest rate payments to floating rates.

The following table summarizes the Province's derivative portfolio and related credit exposure (see Note 9).

	2006		2005	
	Notional Amount [a]	Net Fair Value	Notional Amount	Net Fair Value
	In millions			
Interest rate swaps	$ 275	$ 7	$ 825	$ 22
Cross currency interest rate swaps	-	-	174	17
	$ 275	$ 7	$ 999	$ 39

a) Maturing 2007-08 $25 million and 2008-09 $250 million.

	2006	2005
	In millions	
Canadian dollar fixed rate debt [(a)]	$ 4,656	$ 4,267

(a) Canadian dollar fixed rate debt includes $1,921 million (2005 $2,205 million) held by the Canada Pension Plan Investment Fund and has the following characteristics as at March 31, 2006 (see Schedule 12 note (a)).

	2006	2005
Fair value (in millions)	$ 5,016	$ 4,699
Effective rate per annum	6.3%	6.9%

Interest rate contracts are used to manage exposure to fluctuations in interest rates in certain fixed rate loans (Schedule 10) and related debt made after January 1, 2004.

As at March 31, 2006, the notional amount of all derivative contracts issued by the Alberta Capital Finance Authority relating to the loans and related debt amounted to $2.8 billion (2005 $1.3 billion). Approximately 20% (2005 27%) of these contracts mature within one year. All derivative contracts taken together had a net negative fair value of $9 million (2005 negative $2 million) (see Note 9).

Debt principal repayment requirements in each of the next five years, including short-term debt maturing in 2006-07 and thereafter, are as follows:

	In millions
2006-07	$ 396
2007-08	351
2008-09	259
2009-10	381
2010-11	150
Thereafter	3,119
	$ 4,656

PENSION OBLIGATIONS

Schedule 14

The Province has pension obligations in respect of public sector pension plans as described below.

	2006	2005
	In millions	
Obligations to pension plans for employees of organizations outside the government sector		
Teachers' Pension Plan [a]	$ 4,424	$ 4,263
Universities Academic Pension Plan [b]	190	185
Special Forces Pension Plan [b]	63	63
	4,677	4,511
Obligations to pension plans for current and former employees and Members of the Legislative Assembly		
Public Service Management (Closed Membership) Pension Plan [c]	678	656
Members of the Legislative Assembly Pension Plan [d]	49	47
Management Employees Pension Plan [c]	29	13
Public Service Pension Plan [c]	2	8
	758	724
	$ 5,435	$ 5,235

(a) The *Teachers' Pension Plans Act* requires all teachers under contract with public and separate school jurisdictions in Alberta to contribute to the Teachers' Pension Plan. Under the Act, the unfunded liability for service credited prior to September 1, 1992 is being financed by additional contributions in the ratio of 67.35% by the Province and 32.65% by the teachers over the period ending August 31, 2060. In addition, for service after August 1992, the Province funds 50% of the post-1992 unfunded liability, any current service costs and certain cost of living benefits. The Act provides that payment of all benefits prior to September 1, 1992 is guaranteed by the Province.

(b) Under the *Public Sector Pension Plans Act*, the Province has obligations for payment of additional contributions under defined benefit pension plans for certain employees of post-secondary educational institutions and municipalities. The plans are the Universities Academic and Special Forces pension plans.

For Universities Academic, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions of 1.25% of pensionable salaries by the Province, and contributions by employers and employees to fund the remaining amount, as determined by the plan valuation, over the period ending on or before December 31, 2043. Current service costs are funded by employers and employees.

For Special Forces, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions in the ratio of 45.45% by the Province and 27.27% each by employers and employees, over the period ending on or before December 31, 2036. Current service costs are funded by employers and employees. The Act provides that payment of all benefits arising from pensionable service prior to 1994, excluding post-1991 cost of living adjustment benefits, is guaranteed by the Province.

Schedule 14 (continued)

(c) The Public Service Management (Closed Membership) pension plan provides benefits to former members of the Public Service Management pension plan who were retired, were entitled to receive a deferred pension or had attained 35 years of service before August 1, 1992.

For Management Employees, the unfunded liability as determined by actuarial funding valuations as at December 31, 2001 and 2004 is being financed by special payments totalling 7.2% of pensionable earnings shared between employees and employers until December 31, 2015. The special payments will decrease to 5.1% of pensionable earnings on January 1, 2016 and continue until December 31, 2018 as required to eliminate the unfunded liability on or before that date. Current services costs are funded by employers and employees. The government guarantees payment of all benefits arising from service before 1994.

For Public Service, the unfunded liability as determined by an actuarial valuation as at December 31, 2002 is being financed by a special payment of 2.76% of pensionable earnings shared equally between employees and employers until December 31, 2017 as required to eliminate the unfunded liability on or before that date. Current service costs are funded by employers and employees.

(d) The Province has a liability for payment of pension benefits under a defined benefit pension plan for certain current and former Members of the Legislative Assembly. Active participation in this plan was terminated as of June 1993, and no benefits can be earned for service after that date.

Pension obligations are based upon actuarial valuations performed at least triennially using the projected benefit method prorated on services. The assumptions used in the valuations were adopted after consultation between the pension plan boards, the government and the actuaries, depending on the plan, and represent best estimates of future events. Each plan's future experience will inevitably vary, perhaps significantly, from the assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations. Gains and losses are amortized over the expected average remaining service lives of the related employee groups.

Information about the economic assumptions used in the most recent actuarial valuations is provided below for each plan for which there is an obligation. Demographic assumptions used in the valuations reflect the experience of the plans.

Plan	Latest Valuation	Real Rate of Return %	Inflation Rate %	Investment Rate of Return %
Teachers' Pension Plan	August 31, 2004	4.25	3.0	7.25
Universities Academic Pension Plan	December 31, 2004	4.0	2.75	6.75
Special Forces Pension Plan	December 31, 2004	3.75	3.25	7.0
Public Service Management (Closed Membership) Pension Plan	*December 31, 2002	3.0**	3.0**	6.0**
Members of the Legislative Assembly Pension Plan	March 31, 2003	3.0**	3.0**	6.0**
Management Employees Pension Plan	December 31, 2004	4.0	2.75	6.75
Public Service Pension Plan	*December 31, 2002	3.75	3.25	7.0

* Actuarial valuations as at December 31, 2005 are in progress and will be completed in 2006-07.

** Inflation rate and investment rate of return used in extrapolation as at March 31, 2006 were 2.75% and 5.0% respectively.

Schedule 14 (continued)

The actuarial valuation of the Teachers' Pension Plan as at August 31, 2004 indicated an actuarial deficiency of actuarial net assets over the actuarial present value of accrued benefits. The unfunded liability was extrapolated to March 31, 2006. The Province's share of the unfunded liability as at March 31, 2006 is comprised of actuarial asset value of $1,705 million (2005 $1,524 million), actuarial liabilities of $6,331 million (2005 $6,001 million) and net unamortized deferred loss of $202 million (2005 $214 million). The actual return on assets was 12.8% for the year ended August 31, 2005.

As at December 31, 2005, the Management Employees Pension Plan reported a deficiency of $166 million (2005 $268 million) and the Public Service Pension Plan reported a deficiency of $188 million (2005 $450 million). These unfunded liabilities were extrapolated to March 31, 2006. The government's share of the unfunded liabilities as at March 31, 2006 includes net unamortized deferred losses of $99 million (2005 $355 million).

A separate pension plan fund is maintained for each pension plan except for the Members of the Legislative Assembly plan. Pension plan fund assets are invested in both marketable investments of organizations external to the government and in Province of Alberta bonds and promissory notes.

OTHER ACCRUED LIABILITIES

Schedule 15

	2006	2005
	In millions	
Future funding to school boards to enable them to repay debentures issued to Alberta Capital Finance Authority	$ 381	$ 451
Vacation entitlements	187	170
Guarantees, indemnities and remissions		
Guarantees (Schedule 17)	7	11
Remissions for guaranteed student loans (Schedule 17)	1	1
Remissions for non-guaranteed student loans	5	8
	13	20
Other	1	1
	$ 582	$ 642

TANGIBLE CAPITAL ASSETS

Schedule 16

	Estimated Useful Life	2006 Cost	2006 Accumulated Amortization	2006 Net Book Value	2005 Net Book Value
		In millions			
General capital assets					
Land [a]	Indefinite	$ 1,271	$ -	$ 1,271	$ 1,250
Buildings	40 years	3,211	1,501	1,710	1,571
Computer hardware and software	5-10 years	691	415	276	267
Equipment [b]	3-20 years	465	153	312	294
Other [c]	20-50 years	363	148	215	78
		6,001	2,217	3,784	3,460
Infrastructure assets					
Land improvements [d]	10-40 years	202	119	83	82
Provincial highways, roads and airstrips [e]	50 years	8,572	2,563	6,009	5,798
Bridges [e]	50 years	962	251	711	630
Dams and water management structures [f]	25-80 years	1,190	257	933	927
		10,926	3,190	7,736	7,437
		$ 16,927	$ 5,407	$ 11,520	$ 10,897

(a) Land includes land acquired for parks and recreation, building sites, infrastructure and other program use. It does not include land held for resale or Crown lands acquired by right.

(b) Equipment includes SuperNet, vehicles, heavy equipment, fire protection equipment, office equipment and furniture, and other equipment.

(c) Other tangible capital assets include leasehold improvements (amortized over the life of the lease), rail cars and trailers.

(d) Land improvements include parks development and grazing reserves.

(e) Provincial highways and roads consist of original pavement, roadbed, drainage works and traffic control devices, and include secondary highways and bridges and some key arterial roadways within cities.

(f) Dams and water management structures include dams, reservoirs, weirs, canals, dikes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures.

GUARANTEES

Schedule 17

	2006	2005	Expiry Date
	In millions		
Feeder Associations Guarantee Act	$ 50	$ 49	Ongoing
Agriculture Financial Services Act	30	35	Ongoing
Alberta Housing Act	29	32	2011
Student Loan Act	22	30	Ongoing
Farm Credit Stability Act [(a)]	5	15	2011
University of Calgary	1	1	2016
Centre for Engineering Research Inc.	-	1	2007
	137	163	
Less estimated liability (Schedule 15)			
Guarantees	7	11	
Remissions for guaranteed student loans	1	1	
	8	12	
	$ 129	$ 151	

Authorized loan guarantee limits are shown below where applicable. Where authorized loan guarantee limits are not noted, the authorized limits decline as guaranteed or indemnified loans are repaid.

Guarantee programs under the following Acts are ongoing:

- *Feeder Associations Guarantee Act* (authorized guarantee limit set by Order in Council is $55 million),
- *Agriculture Financial Services Act, and*
- *Student Loan Act* (authorized guarantee limit set by Order in Council is $400 million).

The lender takes appropriate security prior to issuing to the borrower a loan which is guaranteed by the Province. The security taken depends on the nature of the loan. Interest rates are negotiated with the lender by the borrower and typically range from prime to prime plus two per cent.

(a) The expiry date shown is the latest expiry date for guaranteed loans under the program. No new program guarantees are being issued under the *Farm Credit Stability Act.*

The financial statements of the following organizations are fully consolidated in these financial statements:

GOVERNMENT SECTOR ENTITIES

Offices of the Legislative Assembly
Support to the Legislative Assembly
Office of the Auditor General
Office of the Ombudsman
Office of the Chief Electoral Officer
Office of the Ethics Commissioner
Office of the Information and Privacy Commissioner

Departments
Aboriginal Affairs and Northern Development
Agriculture, Food and Rural Development
Advanced Education
Children's Services
Community Development
Economic Development
Education
Energy
Environment
Executive Council
Finance
Gaming
Government Services
Health and Wellness
Human Resources and Employment
Infrastructure and Transportation
Innovation and Science
International and Intergovernmental Relations
Justice
Municipal Affairs
Restructuring and Government Efficiency
Seniors and Community Supports
Solicitor General and Public Security
Sustainable Resource Development

Regulated Funds
Access to the Future Fund [a]
Alberta Heritage Foundation for Medical Research Endowment Fund
Alberta Heritage Savings Trust Fund
Alberta Heritage Scholarship Fund
Alberta Heritage Science and Engineering Research Endowment Fund
Alberta Risk Management Fund

Schedule 18 (continued)

Regulated Funds (continued)
Alberta School Foundation Fund
Environmental Protection and Enhancement Fund
Historic Resources Fund
Lottery Fund
Provincial Judges and Masters in Chambers Reserve Fund
Supplementary Retirement Plan Reserve Fund
Victims of Crime Fund

Provincial Agencies
Agriculture Financial Services Corporation
Alberta Alcohol and Drug Abuse Commission
Alberta Capital Finance Authority
Alberta Energy and Utilities Board
Alberta Foundation for the Arts
The Alberta Historical Resources Foundation
Alberta Informatics Circle of Research Excellence Inc.
Alberta Local Authorities Pension Plan Corporation [(a)]
Alberta Pensions Administration Corporation
Alberta Petroleum Marketing Commission
Alberta Research Council Inc.
Alberta Science and Research Authority [(c)]
Alberta Securities Commission
Alberta Social Housing Corporation
Alberta Sport, Recreation, Parks and Wildlife Foundation
Calgary and Area Child and Family Services Authority
Central Alberta Child and Family Services Authority
East Central Alberta Child and Family Services Authority
Edmonton and Area Child and Family Services Authority
The Government House Foundation
Human Rights, Citizenship and Multiculturalism Education Fund
Metis Settlements Child and Family Services Authority
Natural Resources Conservation Board
North Central Alberta Child and Family Services Authority
Northeast Alberta Child and Family Services Authority
Northwest Alberta Child and Family Services Authority
Persons with Developmental Disabilities Calgary Region Community Board
Persons with Developmental Disabilities Central Region Community Board
Persons with Developmental Disabilities Edmonton Region Community Board
Persons with Developmental Disabilities Northeast Region Community Board
Persons with Developmental Disabilities Northwest Region Community Board
Persons with Developmental Disabilities Provincial Board
Persons with Developmental Disabilities South Region Community Board
Southeast Alberta Child and Family Services Authority
Southwest Alberta Child and Family Services Authority
The Wild Rose Foundation

Schedule 18 (continued)

Non-commercial Crown-controlled Corporation
Alberta Insurance Council

The following organizations are accounted for on the modified equity basis in these financial statements:

Commercial Enterprises
Alberta Gaming and Liquor Commission
The Alberta Government Telephones Commission [c]
Alberta Treasury Branches
Credit Union Deposit Guarantee Corporation
N.A. Properties (1994) Ltd.

Commercial Crown-controlled Corporation
Gainers Inc.

Non-commercial Crown-controlled Corporation
Safety Codes Council [b]

CROWN-CONTROLLED SUCH SECTOR ORGANIZATIONS [b]

School Boards and Schools
Almadina School Society
Aspen View Regional Division No. 19
Aurora School Ltd.
Battle River Regional Division No. 31
Black Gold Regional Division No. 18
Boyle Street Education Centre
Buffalo Trail Public Schools Regional Division No. 28
Calgary Arts Academy Society
Calgary Girls' School Society
Calgary Roman Catholic Separate School District No. 1
Calgary School District No. 19
Calgary Science School Society
Canadian Rockies Regional Division No. 12
CAPE-Centre for Academic and Personal Excellence Institute
Chinook's Edge School Division No. 73
Christ the Redeemer Catholic Separate Regional Division No. 3
Clearview School Division No. 71
East Central Alberta Catholic Separate Schools Regional Division No. 16
East Central Francophone Education Region No. 3
Edmonton Catholic Separate School District No. 7
Edmonton School District No. 7
Elk Island Catholic Separate Regional Division No. 41
Elk Island Public Schools Regional Division No. 14
Evergreen Catholic Separate Regional Division No. 2
Foothills School Division No. 38

Schedule 18 (continued)

Fort McMurray Roman Catholic Separate School District No. 32
Fort McMurray School District No. 2833
Fort Vermilion School Division No. 52
Foundations for the Future Charter Academy Charter School Society
Golden Hills School Division No. 75
Grande Prairie Roman Catholic Separate School District No. 28
Grande Prairie Public School District No. 2357
Grande Yellowhead Regional Division No. 35
Grasslands Regional Division No. 6
Greater North Central Francophone Education Region No. 2
Greater Southern Public Francophone Education Region No. 4
Greater Southern Separate Catholic Francophone Education Region No. 4
Greater St. Albert Catholic Regional Division No. 29
High Prairie School Division No. 48
Holy Family Catholic Regional Division No. 37
Holy Spirit Roman Catholic Separate Regional Division No. 4
Horizon School Division No. 67
Lakeland Roman Catholic Separate School District No. 150
Lethbridge School District No. 51
Living Waters Catholic Regional Division No. 42
Livingstone Range School Division No. 68
Medicine Hat Catholic Separate Regional Division No. 20
Medicine Hat School District No. 76
Moberly Hall School Society
Mother Earth's Children's Charter School Society
New Horizons Charter School Society
Northern Gateway Regional Division No. 10
Northern Lights School Division No. 69
Northland School Division No. 61
Northwest Francophone Education Region No. 1
Palliser Regional Division No. 26
Parkland School Division No. 70
Peace River School Division No. 10
Peace Wapiti School Division No. 76
Pembina Hills Regional Division No. 7
Prairie Land Regional Division No. 25
Prairie Rose Regional Division No. 8
Red Deer Catholic Regional Division No. 39
Red Deer School District No. 104
Rocky View School Division No. 41
St. Albert Protestant Separate School District No. 6
St. Paul Education Regional Division No. 1
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38
Sturgeon School Division No. 24
Suzuki Charter School Society
Westmount Charter School Society
Westwind School Division No. 74

Schedule 18 (continued)

Wetaskiwin Regional Division No. 11
Wild Rose School Division No. 66
Wolf Creek School Division No. 72

Universities
Athabasca University
The University of Alberta
The University of Calgary
The University of Lethbridge

Colleges
Alberta College of Art and Design
Bow Valley College
Grande Prairie Regional College
Grant MacEwan College
Keyano College
Lakeland College
Lethbridge Community College
Medicine Hat College
Mount Royal College
NorQuest College
Northern Lakes College
Olds College
Portage College
Red Deer College

Technical Institutes and The Banff Centre
Northern Alberta Institute of Technology
Southern Alberta Institute of Technology
The Banff Centre For Continuing Education

Regional Health Authorities and Other Health Boards
Alberta Cancer Board
Alberta Mental Health Board
Aspen Regional Health Authority
Calgary Health Region
Capital Health
Chinook Regional Health Authority
David Thompson Regional Health Authority
East Central Health
Northern Lights Regional Health Authority
Peace Country Health
Palliser Health Region

(a) Commenced operations in 2005-06.

(b) In transition period (see Note 1 B).

(c) Ceased operations.

Measuring Up

Government of Alberta
Annual Report 2005-06

Reader's Guide

- The *Government Accountability Act* requires the government to annually publish a consolidated annual report for the Province of Alberta that includes a comparison of its performance results to the performance targets established in the three-year government business plan. The Act also requires an explanation of any significant variances between results and targets.
- 2005-06 Measuring Up reports on the 14 goals, the 55 measures, and the numerous government strategies established in the 2005-08 Government Business Plan. Reporting on the measures and strategies provides information on the progress made toward goal achievement.
- Goals 1 to 13 focus on measuring the government's performance with respect to its programs and services. They include graphs that provide information pertaining to the government expense directed toward achieving the goal. The expense information is derived from the Expense by Function amounts reported in the 2005-06 Consolidated Statement of Operations.
- Goal 14 is aligned with the 2005-08 Capital Plan and focuses on performance with respect to government-owned and supported infrastructure. A graph illustrating Capital Plan spending is presented.
- Each goal has three sections:

  Discussion and Analysis – This section provides a brief description of the goal statement and the progress that has been made on general goal strategies that are not closely related to specific measures.

  Discussion of Measures – This section discusses the results of the measures, reasons for any significant variance from targets, and progress that has been made on goal strategies that are closely related to the respective measure.

  Measures – This section presents a table of the measures for each of the goals. For Societal Measures, historical results and the most current results are presented. For Performance Measures, historical results, the most current results, and the 2005-06 target level are reported.

- Further details on the measures, such as the methodology, any changes in the methodology from previous years, data sources, and general factors that may impact results, are available online at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html, or by contacting Alberta Finance using one of the contact options listed on the inside back cover of this report.
- Summary results of five Cross-Ministry Initiatives are included in this report. The Cross-Ministry Initiatives, which are corporate priorities that involve more than one ministry and contribute to more than one goal, were established in the 2005-08 Government Business Plan. More detailed reports on each of the initiatives are available at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html, or by contacting Alberta Finance using one of the contact options listed on the inside back cover of this report.

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Introduction

MEASURING UP

Measuring Up, which is part of the government's commitment to be open and accountable to the people of Alberta, endeavours to go beyond reporting financial information by answering the question: What outcomes did the government achieve? This is accomplished by reporting on the progress the government has made toward achieving the 14 goals presented in the 2005-08 Government of Alberta Three-Year Business Plan. Essentially, Measuring Up reports on whether the government actually did what it said it was going to do, if it achieved the outcomes it said it would achieve, and whether the government is progressing toward achieving its goals.

To provide an objective report, a suite of performance measures has been established for each of the goals and published in the government business plan. The performance targets are set so that they are challenging given the resources available to achieve those targets. The measures, targets, and surrounding discussion and analysis are intended to assist the reader in assessing the social, economic and environmental impacts that government policies, programs and strategies are having in progressing toward the government's goals.

LINK TO MINISTRIES

In addition to the performance results in Measuring Up, more detailed performance information is reported in ministry annual reports published each fall. Ministry performance information reports on ministry business plan goals and related measures that are linked to the government goals.

LOOKING AHEAD

The 2006-09 Government Business Plan, published as part of Budget 2006, shows the government's current strategic priorities for achieving its goals. These strategic priorities reflect the government's response to changes in circumstances, external events and issues of importance to Albertans.

Performance Highlights

- **Value-Added Exports** – Exports are a vital part of Alberta's economy. In 2005, value-added exports were estimated to be $26.4 billion, continuing the year-over-year growth seen since 2003 ($21.3 billion). This is considerably higher than the 2005-06 target of $24.5 billion. Although high global commodity prices played a role, several actions taken by the government also contributed to this result, such as: the implementation of the Alberta International Marketing Strategy and support provided to Alberta companies in making value-added export sales in key sectors such as building products, information and communications technologies, health and bio-industries and aerospace.
- **Tourism Industry Revenue** – Tourism revenues are estimated to be $5.3 billion in 2005, slightly above the targeted $5.0 billion and back up to levels seen in 2002 ($5.4 billion). Revenue increases are partially attributable to the government's support of Alberta's centennial celebrations, emerging travel destinations within Alberta such as the Canadian Badlands, additional tourism projects and various marketing campaigns. With revenues from the 4% tourism levy (previously the 5% hotel room tax) invested back into Alberta's tourism industry, a sustainable source of funding will be available in future years to further strengthen Alberta's tourism industry.
- **Lifelong Learning** – In comparison to 2004-05, Albertans were much more satisfied with the access adults have to education and training, as the satisfaction level of individuals surveyed in 2005-06 increased to 79% from 69%. This is considerably higher than the target of 73%. Part of this increase was likely due to the government's commitment in 2005-06 to pay tuition increases at public post-secondary institutions, a commitment that will continue in 2006-07.

- **Sponsored Research at Alberta Universities** – In 2004-05, sponsored research revenue at Alberta universities increased to $650.5 million, exceeding the target of $606 million. This level of support is partially attributable to the significant capital investments the province made in large scale research facilities at Alberta universities.

- **Work Stoppages** – The process of appointing mediators and arbitrators to resolve differences that arise from collective bargaining disputes continued to be successful, as 98% of collective agreements were settled without a legal work stoppage (target was 98%). In total, the province appointed 113 mediators and 281 arbitrators.

- **Tax Load** – Alberta continues to have the lowest provincial tax load, with the total provincial and municipal tax load 78.7% of the Canadian average. To help ensure that Alberta's taxes remain fair and competitive, the province undertook a review of the tax system in 2005 and examined whether the current low rate, broad-based policy continues to be the best approach for the Alberta economy. Results of the review will continue to be used in the future to support and guide changes to Alberta's tax system, such as the 1.5% corporate tax rate reduction (from 11.5% to 10%) that became effective April 1, 2006.

- **Physical Condition of Provincial Infrastructure** – The government made a significant commitment to capital investment in health facilities, learning facilities, and provincial highways in order to ensure they are safe and effective. In 2005-06, the condition of learning and highway infrastructure that was rated as "fair" or "good" met or exceeded the respective targets. Alberta's Capital Plan continues to be successful in helping to maintain the overall physical condition of health, learning, and highway infrastructure, and for the 2005-08 period the Plan committed almost $4.8 billion in support for these key infrastructure areas. The budgeted 2006-09 Capital Plan will provide an additional $3.7 billion for these areas, bringing the 3-year support to over $8.5 billion. This support includes: upgrades to health facilities; school infrastructure priorities; expansion and upgrades at universities; and upgrades to highways and accelerated road work.

- **Ease of Access to Physician and Hospital Services** – Access to publicly funded health services is a fundamental principle of the health care system and for health prevention and maintenance services. In a 2006 health survey, 78% of Albertans reported "very easy" or "easy" access to physician services, seven percentage points below the target of 85%. 67% of Albertans reported "very easy" or "easy" access to hospital services, six percentage points below the target of 73%. A $54 million provincial investment over two years will support projects designed to improve province-wide access to health services and enhance the quality of patient care. Of these funds, $12 million will be used to sustain the hip and knee replacement project, currently being piloted by three health regions. The bulk of the funds, $42 million, will support the development of innovative models of care for health services such as cardiac care, breast and prostate cancer care, as well as the provincial rollout of the learnings from the new hip and knee model of care.

- **Albertans' Participation in Sports and Recreation** – Over the last four years, participation levels of adult Albertans have remained fairly constant, but below the established target (84% in 2005-06). In 2005-06, the government provided approximately $9 million to provincial sport and recreation associations, active living agencies, and community based projects in support of sport and recreational activities. The province will continue to encourage participation in sports and recreation by furthering implementation of the Alberta Sport Plan in 2006-07.

- **Literacy and Numeracy** – Over the last several years, the literacy and numeracy of Alberta's students have not met the targeted levels, however, the percentage of students achieving acceptable standards for numeracy have increased in the past two years. In 2004-05, 78% of grade 9 students achieved acceptable literacy scores (target was 81%), with 68% achieving acceptable numeracy scores (target was 69%). In recent years the government has improved curriculum and instructional resources to support student achievement. The reduction of class sizes has also been a focus, with $52 million invested in 2004-05, $110 million invested in 2005-06, and $126 million budgeted for 2006-07.

- **Drinking Water Quality** – In 2005-06, Alberta's regulated drinking water facilities and their operation improved. Safe and secure drinking water remains a high priority of the government, and over 2006-09, $172 million will be provided to support the Water for Life strategy. This strategy includes support for: municipal water supply treatment, wastewater treatment, opportunities for regionalization, water monitoring equipment, quality control for testing drinking water, upgraded drinking water systems, drinking water operational initiatives and several other improvements.

AUDITOR GENERAL
Alberta

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures and Societal Measures

To the Members of the Legislative Assembly

Management is responsible for the integrity and objectivity of the performance results included in the *Government of Alberta 2005-06 Annual Report*. My responsibility is to carry out the following specified auditing procedures on performance measures and societal measures in the annual report. I verified:

Completeness

1. Performance measures and targets, and societal measures matched those included in Budget 2005. Actual results are presented for all performance measures and societal measures.

Reliability

2. Information in reports from external organizations, such as Statistics Canada, matched information used to calculate the actual results.

3. Information in reports that originated in the Government of Alberta matched information used to calculate the actual results. In addition, I tested the processes used to compile the results.

Comparability and Understandability

4. Actual results are presented clearly and consistently with the stated methodology and are presented on the same basis as prior years' information. Also, performance measure results are presented on the same basis as targets.

I found no exceptions when I performed these procedures.

As this examination was limited to these procedures, I do not express an opinion on whether the set of performance measures and societal measures is relevant and sufficient to assess the performance of the Government of Alberta in achieving its goals.

FCA
Auditor General

Edmonton, Alberta
June 16, 2006

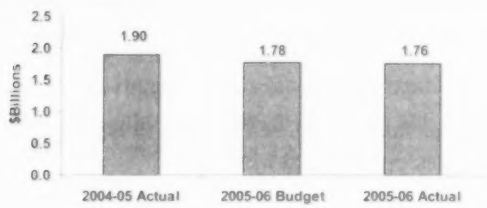
GOAL ONE 1

Alberta will have a diversified and prosperous economy

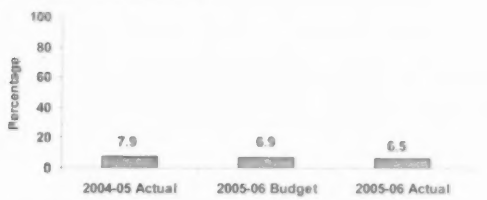
Discussion and Analysis

Sustainable and diversified economic growth and prosperity are highly valued by Albertans, and are essential to maintaining and improving Albertans' overall quality of life. Key to economic strength and stability are innovation and value-added diversification. In 2005-06, the Alberta government directed $1,762 million toward the promotion of a diversified and prosperous economy.

Goal One Expense



Percent of Total Expense



This goal includes spending of the following ministries: Agriculture, Food and Rural Development; Economic Development; Energy; Finance; Gaming; Government Services; Human Resources and Employment; Infrastructure and Transportation; Innovation and Science; and Sustainable Resource Development.

Promotion and development of Alberta as a global energy leader continued in 2005-06. Four Ministerial Missions to the United States, plus attendance at the World Petroleum Congress in South Africa, solidified the recognition of Alberta as a global energy leader. Delegations were also received from many countries, including China, France, India, Kuwait, Mexico and the Netherlands. Industry investment in new development and expanded production of Alberta's oil sands was encouraged. Annual investment in oil sands reached $10 billion in 2005 and cumulative total projected investment between 2005 and 2010 is forecast at $45 billion.

New energy sources continue to be developed in Alberta. In 2005, Alberta generated approximately 1,361 mega-watts (MW) of electricity from renewable sources, such as wind, biomass and hydro. A multi-stakeholder advisory committee provided recommendations to guide future coalbed methane development in Alberta. Coalbed methane is expected to make a substantial contribution to future Alberta natural gas production. The Alberta Energy Research Institute (AERI), working with seven energy companies, has also undertaken studies to examine technologies with breakthrough potential for upgrading bitumen to high value crudes, refined products and chemicals.

Alberta continues to lead Canadian provinces and territories in wind powered electric generation.

Research plays a significant role in current and future industry development. Activities commenced in various fields. For example, through the Innovative Energy Technologies Program, 13 projects were initiated related to the increased recovery of oil, natural gas and oil sands resources. These projects, which might not otherwise occur using existing technology, will result in $340 million in spending by industry on innovative research.

New programs resulted in industry investments in energy research and improved resource generation.

The Government of Alberta, led by AERI, collaborated with stakeholders across Canada to create a new Energy Innovation Network to coordinate energy research and innovation in areas of strategic importance to Canada. In addition, the strong involvement of Alberta led to completion of Canadian technology roadmaps for clean coal and for carbon capture and storage. AERI supported ten multi-year projects leading to the development

New energy network results in greater potential for CO_2 management and oil recovery opportunities.

and adoption of clean coal technology. AERI provided technical leadership in areas of enhanced oil and gas recovery, heavy oil upgrading, alternate and renewable energy, and water management.

Mineral mapping of northern Alberta for stakeholders' use continued in 2005. Field maps of Mount Watt and approximately 143 townships in northwestern Alberta were released.

Three Regional Economic Development Alliances received ongoing support in a project designed to assist eastern Alberta businesses and communities to take better advantage of the business opportunities associated with the substantial military presence at Cold Lake, Wainwright and Suffield.

The Rural Community Economic Development Project under the Western Economic Partnership Agreement was initiated. The project, a joint effort between the provincial government and Western Economic Diversification, consists of three elements: regional economic development alliance funding, a community economic development project fund and provision of community economic development expertise.

The government provided leadership in knowledge-based industries by establishing the Alberta Life Sciences Institute, which will help guide research and technology commercialization in the growing industries of health, agriculture, forestry, water and the environment. Support was also provided to the new "wet lab" Biotechnology Business Development Centre, which will help young, growing biotechnology companies in Alberta unleash their innovative and commercial potential. Product development for local biotechnology and national health product companies is supported through the Alberta Research Council's Nutraceutical and Pharmaceutical Services.

To continue to position the agricultural industry for the future, the Federal/Provincial Agricultural Policy Framework (APF) invested $2.84 million in the Agri-Food Discovery Place – a world class, state-of-the-art innovation facility that gives Alberta a new capacity for research and innovation into value-added processing of crops and livestock products, new techniques for enhancing food safety, and novel technology for extracting or developing new high value health and wellness products and a range of bioindustrial products from agricultural feedstocks. APF funding was also provided for the adoption of environmental farm plans, and for financial assistance for delivery of food safety systems to the post-farm processing industry.

In collaboration with a private sector partner, a new agrivalue incubator is being built to support and promote Alberta's burgeoning value-added and bioproduct sectors. The new facility will encourage emerging Alberta entrepreneurs to produce, market test, commercialize and expand new and innovative products.

To advance innovation in Alberta's strategic priority areas of human and animal health, agriculture and the environment, two research entities were established: Genome Alberta and the Alberta Prion Research Institute. The government was also a key resource in the completion of a new state-of-the-art facility for animal disease surveillance and testing as well as animal disease research and development.

To enhance Alberta's capacity to develop, attract and retain the high quality people needed to support innovation, resources were committed to the Alberta Heritage Foundation for Medical Research, the Alberta Heritage Science and Engineering Research Endowment Fund and iCORE. In 2005-06, the Alberta Heritage Foundation for Medical Research invested $53 million in health research initiatives at Alberta's research institutions supporting 335 senior health researchers and about 600 young researchers in training. In 2005-06, the Alberta Heritage Foundation for Science and Engineering Research invested $15.3 million in raising the quality of science and engineering research through support to 281 research leaders and

GOAL ONE 1

Alberta will have a diversified and prosperous economy

associates, 283 top students and 64 researchers working in Alberta companies. iCORE supported a total of 24 Industry and Research Chair awards, and over 250 of Canada's best graduate students in information and communications technology.

In 2005-06, the Alberta Heritage Science and Engineering Research Endowment Fund was increased by $100 million. The Alberta Heritage Foundation for Medical Research endowment was increased by $200 million.

To maintain Alberta's strong and vibrant economy, the government initiated the Building and Educating Tomorrow's Workforce strategy, which focuses on a broad range of initiatives to inform, attract, develop and retain a diverse and productive workforce for Alberta.

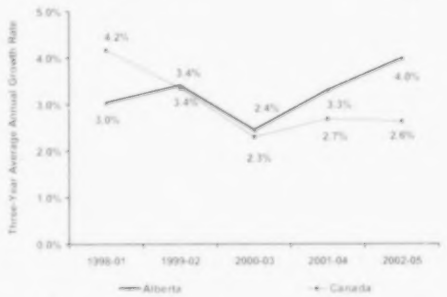
The Supporting Immigrants and Immigration to Alberta policy was established to coordinate immigration strategies such as international recruitment, recognition of foreign credentials and retention of skilled immigrants. It will help address skill shortages and support the successful transition of immigrants into Alberta's economic, social and cultural life. The Provincial Nominee Program continued, allowing employers unable to fill skilled positions with Canadian residents to present their business case to the Alberta Provincial Nominee Program and apply for approval to recruit a specified number of foreign candidates to fill these positions.

To provide Albertans and British Columbians with improved access to trade, investment and employment opportunities by reducing or eliminating labour mobility barriers, the provincial government continued discussion on a new Agreement on Trade, Investment and Mobility between the two provinces.

Discussion of Measures

Gross Domestic Product (GDP) – GDP is a measure of the value of all final goods and services produced in Alberta in a given year. The Alberta economy turned in an impressive performance in 2005, with a real GDP three-year average growth rate at 4%, improving on the three-year average growth rate of 3.3% in 2004. The Alberta economy enjoyed broad-based growth in 2005 that was supported by higher corporate profits, robust investment and construction activity, a healthy labour market, strong consumer expenditures and manufacturing.

Gross Domestic Product



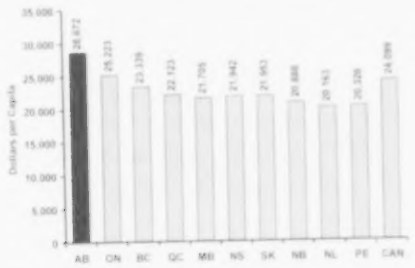
Distribution of Gross Domestic Product (GDP) – To help strengthen Alberta's economy and enhance its long-term economic stability, the provincial government encourages growth of the province's value-added industries. In 2005, economic gains were similar to the previous year in most of the selected industry sectors. Agriculture and forestry's share rose by 0.2 percentage points to 2.5% as the 2002 drought that negatively impacted the share of this sector in 2003 and 2004 was no longer included in the calculation. Due primarily to a temporary decrease in oil sands production volume, mining and energy's share dropped by 0.3 percentage points to 16.0% in 2005. Business and commercial services declined marginally as output for this sector grew by a smaller percentage in 2005 than for the economy as a whole.

Personal Disposable Income – Personal disposable income per capita is an important measure of the well-being of consumers. At $28,672, Alberta had the highest average personal disposable income per capita of any province in 2005, up from $26,961 in 2004, and 19% higher than the Canadian average of $24,099.

GOAL ONE

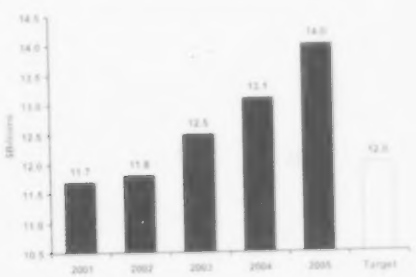
Alberta will have a diversified and prosperous economy

Personal Disposable Income (2005)



Investment in Manufacturing and Service Industries – Investment in manufacturing and service industries increased from $13.1 billion in 2004 to $14.0 billion in 2005, exceeding the target of $12 billion. The significant growth in investment resulted from overall strong economic conditions in the province, including substantial investment growth for the energy sector, which had a direct impact on the industries that supply the energy sector's investment goods and services. High global demand and prices for commodities such as chemicals and refinery products were additional factors accelerating the growth. Also, the decline of the United States dollar versus the Canadian dollar made machinery and equipment more affordable and encouraged strong investment.

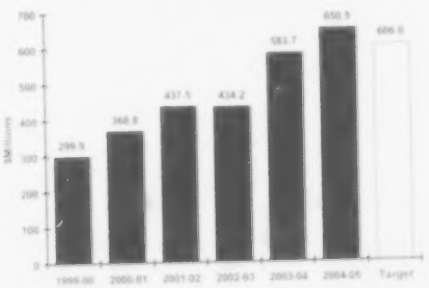
Investment in Manufacturing and Service Industries



Government Support for Innovation – Investments by the Government of Alberta to support innovation totalled $389.9 million and amounted to 1.6% of total expenditures. Investments in research, development and innovation are important components that support the overall direction of the provincial government. The result demonstrates the government's commitment to innovation, through growth of actual investment in innovation.

Sponsored Research at Alberta Universities – University research is a fundamental element of Alberta's innovation system and the province's success in the global knowledge-based economy. Research conducted in Alberta's universities contributes to innovative discoveries that have the potential for economic and societal benefits. It also provides an effective training ground for a highly qualified workforce. Success in acquiring and increasing sponsored research revenue is accomplished through highly competitive, excellence driven research activities. In 2004-05, sponsored research revenue at Alberta universities increased to $650.5 million, exceeding the target of $606 million. The increase is, in part, attributable to capital investments by the Government of Alberta in large scale research facilities at Alberta universities. Sponsored research funding has nearly doubled since 2000-01, reflecting Alberta's success in garnering research awards and new investments in research capital initiatives aimed at increasing the research capacity and capability of Alberta universities. The cumulative research success of a university and the building of an institution's research infrastructure are key determinants in attracting future resources.

Sponsored Research at Alberta Universities



GOAL ONE 1

Alberta will have a diversified and prosperous economy

Measures

Societal Measure(s)	1998-01	1999-02	2000-03	2001-04	2002-05
Gross Domestic Product (GDP)					
Three-year average annual growth rate of real GDP.*	3.0%	3.4%	2.4%	3.3%	4.0%
Source: Statistics Canada - Provincial Economic Accounts and Finance					
Distribution of Gross Domestic Product (GDP)					
Three-year average of the percentage of real GDP by selected industry sectors:					
Agriculture and Forestry	2.9%	2.5%	2.3%	2.3%	2.5%
Mining and Energy	17.6%	16.7%	16.3%	16.3%	16.0%
Manufacturing	10.4%	10.2%	9.8%	9.7%	9.8%
Construction and Utilities	10.3%	10.6%	10.6%	10.4%	10.6%
Business and Commercial Services	9.6%	9.9%	10.1%	10.1%	10.0%
Other Services	49.2%	50.1%	51.0%	51.2%	51.1%
Source: Statistics Canada - Provincial Economic Accounts and Economic Development	(1999-01)	(2000-02)	(2001-03)	(2002-04)	(2003-05)
Personal Disposable Income					
Current dollars per capita (inter-provincial rank).	$24,709r (highest)	$25,039r (highest)	$25,718r (highest)	$26,961r (highest)	$28,672p (highest)
Source: Statistics Canada - Provincial Economic Accounts	(2001)	(2002)	(2003)	(2004)	(2005)

Performance Measure(s)	Previous Years' Result(s)			Current Result(s)	2005-06 Target(s)
Investment in Manufacturing and Service Industries					
Value of new capital expenditures on construction, machinery and equipment in Alberta's manufacturing and service industries. (Percentage change).	$11.8 billion (1.2%) (2002)	$12.5r billion (6.1%) (2003)	$13.1 billion (4.6%) (2004)	$14.0p billion (7.1%) (2005)	$12.0 billion (6.0%)
Source: Statistics Canada and Economic Development					
Government Support for Innovation					
Percentage of Government of Alberta expense used to support innovation.	1.63% (2001-02)	1.71% (2002-03)	1.54% (2003-04)	1.60% (2004-05)	Increasing up to 5%, as affordable, by 2015
Source: Statistics Canada and Government of Alberta Annual Report					
Sponsored Research at Alberta Universities					
Total dollar value of sponsored research from all sources.	$437.5 million (2001-02)	$434.2 million (2002-03)	$583.7 million (2003-04)	$650.5 million (2004-05)	$606 million
Source: Research Funding at Alberta Universities 2004-05 Report, Innovation and Science					

* This measure was adjusted in 2005-06 to report real GDP instead of nominal GDP. Nominal dollars refer to today's dollar while real numbers are adjusted for inflation. Real GDP is a better measure of growth compared to nominal GDP because it removes distortions created by rising (falling) prices.

r Revised.

p Preliminary.

For more information, see the measures methodology at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

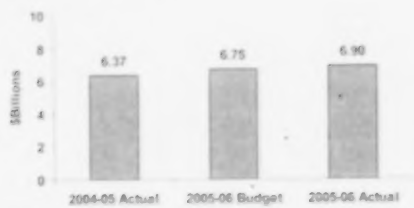
GOAL TWO 2 **Albertans will be well prepared for lifelong learning and work**

Discussion and Analysis

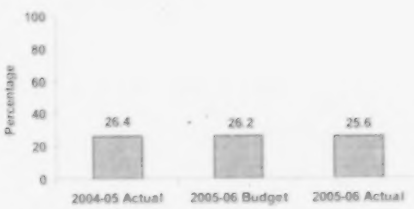
Quality lifelong learning and human resource development enables Albertans to become responsible, caring, creative, self-reliant and contributing members of society. In 2005-06, the Alberta government directed $6,903 million toward the preparation for lifelong learning and work.

Results in the learning system are cumulative and reflect years of investment of resources and effort by the province, school boards, post-secondary institutions, staff throughout the system, learners and their families. The results indicate that Alberta's learning system provides high quality learning opportunities for Albertans and prepares them for lifelong learning and work.

Goal Two Expense



Percent of Total Expense



This goal includes spending of the following ministries: Advanced Education; Education; Human Resources and Employment; and Infrastructure and Transportation.

Discussion of Measures

Employment Rates of Albertans Aged 25-34 by Highest Level of Education – Employment rates for Albertans aged 25-34 by level of education are an indicator that young adults in Alberta are prepared for the workplace. Individuals with more education typically have higher employment rates than those with lower levels of educational attainment, suggesting that higher levels of education are related to enhanced employability. Survey results indicate that the employment rate of Albertans aged 25-34 whose highest level of education was high school completion only was 82% in 2005 and has remained stable over time, close to the target of 83%. Alberta's rate continues to be higher than the Canadian rate.

Level of education is an indicator of employability.

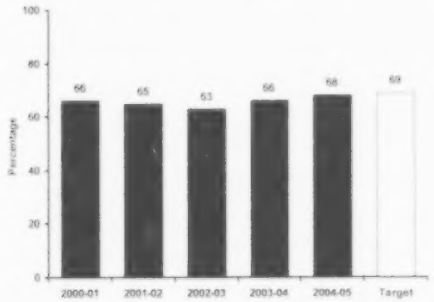
Employment rates among those with post-secondary certificates or diplomas, or with a university degree, have also been consistently high. Survey results indicate that in 2005, 87% of Albertans with a certificate or diploma aged 25-34 were employed, almost meeting the target of 88%. As well, 85% of Albertans aged 25-34 with a university degree were employed, compared to a target of 87%. Alberta's employment rate for those with post-secondary education is consistently higher in Alberta than in the rest of Canada.

Literacy and Numeracy Grade 9 – Part of helping Albertans become independent is ensuring that they have the knowledge and skills to participate in a changing economy and workforce. An essential component of this is having the necessary literacy and numeracy skills to function in society. Students who achieve the acceptable standard on Provincial Achievement Tests have the necessary skills to become literate and numerate adults. The province keeps curriculum and instructional resources in core subjects up-to-date to support student achievement in these areas. In 2004-05, 78% of students in Grade 9 achieved the acceptable standard in the language arts achievement test, short of the target of 81% set for 2005-06. Also, in 2004-05, 68% of students in Grade 9 achieved the acceptable standard in the mathematics achievement test, close to the target of 69% set for 2005-06. This result has increased over time, with some variability from year-to-year.

Literacy and numeracy skills are necessary to function in society. 78% of Grade 9 students achieved acceptable standards in language arts, and 68% in mathematics.

GOAL TWO 2 Albertans will be well prepared for lifelong learning and work

Numeracy
(Students achieving the acceptable standard in mathematics.)



To improve success for Kindergarten to Grade 12 (K-12) students and contribute to the development of students' reading, writing and math skills, in 2005-06 the province:

- Provided $108 million to reduce class sizes in 2005-06, further reducing average class sizes in the K-12 system. In just two years, the majority of school boards have reduced average class sizes at all levels and have met or bettered the five-year guidelines for average class sizes recommended by Alberta's Commission on Learning (ACOL), except for Kindergarten to Grade 3. This level is the focus of class size funding in 2006-07. Provincial average class sizes and ACOL guidelines are available online at: http://www.education.gov.ab.ca/news/2006/March/nr-ClassSize.asp.

Reducing class sizes contributes to enhancing students' reading, writing and math skills.

- Provided $70.2 million to school authorities for innovative projects under the Alberta Initiative for School Improvement (AISI) and supported innovation by sharing an additional 35 promising practices on the AISI online clearinghouse.
- Introduced an evaluation methodology to assess school jurisdictions on achievement and improvement on a common set of performance measures.
- Launched a bullying prevention public awareness campaign, targeting children 3-11 years, which includes an interactive website for children (www.teamheroes.ca) and an information and resources website for parents and professionals (www.bullyfreealberta.ca) including a comic book, posters; fact sheets, and radio advertisements. Also, bully prevention "Starter Kits," containing fact sheets and posters were provided to nearly 6,200 community partners.
- Identified screening tools that identify three-year old children who are at risk and in-depth screening tools for speech and language delays.

The Adult Literacy and Life Skills Survey, conducted in 2003, found that 58% of Canadian adults (aged 16-65) possessed literacy skills in the top three (of five) levels of the prose scale, indicating that they could meet most everyday reading requirements. This result is consistent with the findings of the International Adult Literacy Survey conducted in 1994. At the same time, the percentage of Canadians scoring at the lowest level decreased from 17% to 15%, a slight improvement.

Alberta, along with British Columbia, Saskatchewan and the Yukon, had proficiency scores that were significantly above the national average in all four domains (prose literacy, document literacy, numeracy and problem solving).

Educational Attainment of Albertans – High school completion provides young people with entry-level knowledge and skills for employment and further study. Education programs in Alberta have demanding learning expectations for students. Completion of these programs is an indication that students are prepared for their next step, whether the world of work or further study.

GOAL TWO 2 Albertans will be well prepared for lifelong learning and work

Increases in high completion rates in recent years may reflect growing awareness among Alberta youth of the relationship between their educational attainment and their employability in the labour market, where jobs increasingly require higher-level knowledge and skills. Survey results indicate that in 2005, 91% of Albertans aged 25-34 completed high school. Results have improved slightly over time and the target for 2005-06 of 90% or higher was met.

High school completion indicates that young people are prepared to enter the work place or post-secondary programs. 91% of Albertans aged 25-34 completed high school.

In response to ACOL, a Task Force explored ways of improving high school completion rates in the K-12 system (which are lower than the completion rates for the 25-34 year-old population) and included a province-wide consultation. A series of roundtables will be held with youth across the province in 2006-07 to increase the government's understanding of why students leave school before completing. Following these, a high school completion symposium, which will include youth, parents and educators, will help to develop a provincial strategy to increase high school completion rates.

Completing post-secondary programs indicates readiness to start a career. People who attain higher levels of education demonstrate higher labour market participation, experience lower unemployment, and typically earn higher wages.

Government recognizes the importance of completing post-secondary programs. A substantial portion of provincial spending is directed to the post-secondary system each year. At the post-secondary level, government supports and implements initiatives directed at increasing accessibility by increasing the number of available seats at post-secondary institutions, by providing greater amounts of financial assistance to more students, by capping the maximum relative contribution of tuition to the total of post-secondary institution revenues, and by promoting distance learning.

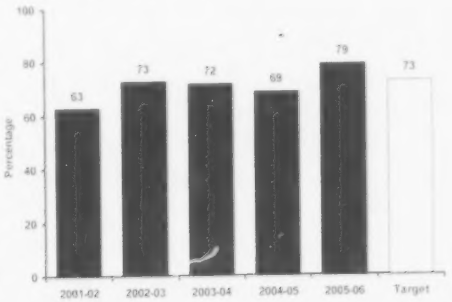
Substantial provincial spending is directed at the post-secondary system. 58% of Albertans aged 25-64 completed post-secondary.

The percentage of Albertans aged 25-64 with post-secondary completion has been improving since 2001 and is similar to that for Canada as a whole. Alberta's result for 2005 (58%) was higher than the target of 57%. Alberta's strong economy, which provides ample employment opportunities for young adults, may negatively affect completion rates. As such, it is noteworthy that both high school and post-secondary completion rates are improving gradually even when jobs are plentiful.

Lifelong Learning – Albertans are encouraged to keep learning and realizing their goals. The *Access to the Future Act* was proclaimed in October 2005. The Act focuses on key areas of accessibility, affordability and quality in the advanced education system. In 2005-06, 79% of the public surveyed were satisfied that most adults have access to the education or training they want, which is significantly higher than the target of 73%. The improved survey result may have been affected by the implementation of the Centennial Tuition Fee Rebate. This rebate effectively froze tuition for students at the 2004-05 levels.

79% of the public surveyed indicated satisfaction that most adults have access to the education or training they want.

Lifelong Learning
(Public satisfaction that adults have access to the education or training they want.)



GOAL TWO 2 Albertans will be well prepared for lifelong learning and work

Approximately 18,000 new apprentices registered in 2005. The previous five year average was 13,086. Increased access to training in the trades was provided by recognizing prior learning and work experience, and by providing more flexible delivery of apprenticeship technical training, including mobile delivery, distance delivery, delivery via the Alberta SuperNet, on-site delivery, weekly (one-day-a-week) and competency-based apprenticeship technical training.

The Canadian Council on Learning published the 2006 Composite Learning Index in May 2006 (see details at http://www.ccl-cca.ca/CCL/Reports/CompositeLearningIndex2/Resources.htm). This index is based on 15 indicators used to measure the state of lifelong learning in Canada. Alberta's score of 80 was the highest of all provinces and significantly higher than the average for Canada as a whole (73).

Adult Participation in Learning – Adult participation in learning helps Albertans realize their potential. Adult Albertans were surveyed to determine if they have taken some education or training in the past 12 months. In 2005-06, 31% of Albertans aged 25+ reported that they had participated in credit and non-credit courses, above the target of 30%. Some of the initiatives undertaken to further improve this rate include the policy framework emerging from the A Learning Alberta review that supports improving access for all traditionally under-represented groups including Aboriginal, immigrant and rural Albertans. As part of the review, government established the Aboriginal Education Sub-committee to develop recommendations for policy actions to increase participation in learning opportunities by Aboriginal groups. As well, the government and the Alberta Apprenticeship and Industry Training Board worked with employers, Aboriginal communities, and Aboriginal youth to encourage participation in trades-related careers.

Skill Development – To remain competitive in the global economy, Alberta businesses and industries require a highly skilled and productive workforce. The Campus Alberta Quality Council established criteria for reviewing graduate and undergraduate programs to ensure that graduates have high quality skills and abilities. In 2005-06, survey results indicate that 90% of Alberta employers were satisfied with the skills and quality of work of recent high school and post-secondary graduates from the Alberta learning system. These results are similar to results in previous years. The target of 90% was met. When post-secondary graduates are considered alone, satisfaction levels are slightly higher (94%).

Employer satisfaction with recent graduates indicates that Alberta's learning system is meeting industry's need for skilled workers, which supports the government's overall policy of sustaining economic progress and competitiveness in the province. Alberta's learning system responds to employer needs by providing up-to-date programs and expanding programs in high demand fields. Economic conditions in Alberta may influence employers' perceptions.

Alberta's learning system is meeting industry's need for skilled workers as indicated by the high level of employer satisfaction. 90% of Alberta employers were satisfied with the skills and quality of work of recent high school and post-secondary graduates.

The province reviews curriculum standards on a regular basis, and maintains rigorous high school completion requirements, to ensure that students acquire strong foundational skills and employability skills in the K-12 system. Learner Career Pathways is being implemented to improve opportunities for learners to explore career options. As well, the province is working to improve success for learners by enhancing transitions between educational programs and work.

GOAL TWO 2 Albertans will be well prepared for lifelong learning and work

The Alberta government established the Leading in Learning and Skilled Workforce Initiative to address the increased demand for skilled labour in light of sustained economic growth in Alberta. Strategies were adopted to encourage increased industry participation and investment in the apprenticeship and industry training system and to ensure the apprenticeship and industry training system is responsive to the needs of industry. The new *Post-secondary Learning Act* now allows colleges and technical institutions to participate in applied research, providing another avenue to increase skill levels of all graduates.

Strategies were adopted in the Leading in Learning and Skilled Workforce Initiative to address increased demands for skilled labour.

The provincial government also provided programs and services to assist persons with disabilities, youth, immigrants, Aboriginal people and older workers to develop skills to increase their labour force participation. For example, Youth Connections initiatives, career fairs and school presentations were provided to increase youth attachment to the workforce; the First Nations Training to Employment Program; and the Advantage 50 Plus program to provide older workers with a wide variety of employment preparation services.

Visitors accessed information on career choices and planning, post-secondary education and training, educational funding and planning, job search and employment, and labour market trends. The ALIS website also included new and enhanced features for immigrants and international students, as well as updated wage and salary information for 2005.

Visitor sessions to the Alberta Learning Information Service website increased to over three million.

GOAL TWO 2 **Albertans will be well prepared for lifelong learning and work**

Measures

Performance Measure(s)	Previous Years' Result(s)			Current Result(s)	2005-06 Target(s)
Employment Rates of Albertans Age 25-34 by Highest Level of Education					
High school completion.	82% (2002)	84% (2003)	81% (2004)	82% (2005)	83%
Post-secondary diploma or certificate.	87% (2002)	87% (2003)	87% (2004)	87% (2005)	88%
Post-secondary degree.	86% (2002)	88% (2003)	85% (2004)	85% (2005)	87%
Source: Statistics Canada – Labour Force Survey					
Literacy and Numeracy					
Percentages of all students in Grade 9 who achieve the acceptable standard on Provincial Achievement Tests:					
Language Arts	79% (2001-02)	78% (2002-03)	78% (2003-04	78% (2004-05)	81%
Mathematics	65% (2001-02)	63% (2002-03)	66% (2003-04)	68% (2004-05)	69%
Source: Education					
Educational Attainment of Albertans					
High school completion (Age 25-34).	89% (2002)	89% (2003)	90% (2004)	91% (2005)	90% or higher
Post-secondary completion (Age 25-64).	57% (2002)	56% (2003)	56% (2004)	58% (2005)	57%
Source: Statistics Canada – Labour Force Survey					
Lifelong Learning					
Public satisfaction that most adult Albertans are able to access the education or training they want.	73% (2002-03)	72% (2003-04)	69% (2004-05)	79% (2005-06)	73%
Source: Advanced Education and Education					
Adult Participation in Learning					
Participation rate of Albertans 25+ in credit and non-credit courses.	30% (2002-03)	28% (2003-04)	29% (2004-05)	31% (2005-06)	30%
Source: Advanced Education and Education					
Skill Development (biennial survey)					
Employer satisfaction with recent graduates' skills and quality of work (includes high school, apprenticeship and post-secondary graduates).	n/a	90% (2001-02)	89% (2003-04)	90% (2005-06)	90%
Source: Advanced Education and Education					

n/a Comparable data not available.

For more information, see the measures methodology at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

GOAL THREE

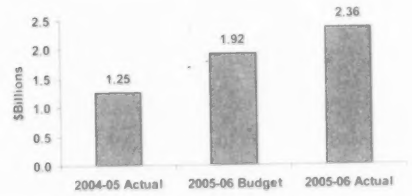
Alberta's international competitiveness will be enhanced

Discussion and Analysis

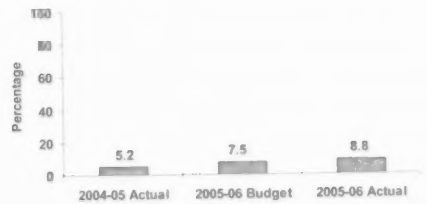
Global competitiveness is key for sustaining the momentum of the Alberta economy. Global competitiveness is determined by numerous factors, including natural resources, climate, labour skill levels, and investment in human and physical capital, as well as the strategy and business model of individual companies. The government encourages growth of the province's international exports and tourism, promotes Alberta as an attractive trading partner, and provides market intelligence and business services to internationally active Alberta companies.

Alberta's transportation system is an integral part of the province's export-based economy, facilitating the flow of goods to local, national and international markets, so the government develops, preserves and maintains the highway network system, access routes and inter-modal trade corridors. To promote and develop human capital, the government supports opportunities for continued improvements in the skills and productivity of the workforce (see Goal 2). In 2005-06, the Alberta government directed $2,364 million toward the promotion of Alberta's international competitiveness.

Goal Three Expense



Percent of Total Expense



This goal includes spending of the following ministries: Economic Development; Human Resources and Employment; Infrastructure and Transportation; and Sustainable Resource Development.

As part of the long-term planning process for the provincial highway network, a Provincial Freeway Corridor Management Plan was developed, and construction continued on the Alberta North-South Trade Corridor. Also, work with stakeholders and various jurisdictions continued for harmonized motor carrier regulations across Canada, such as ongoing efforts to monitor, enforce and manage truck weight; dimensions and safety limits on provincial highways; and negotiations with Alaska, Yukon and British Columbia to address inconsistencies in vehicle weights and dimensions policies.

86% of the Alberta North-South Trade Corridor was completed, surpassing the 84% target.

An external advisory committee, with representatives from transportation-related organizations and stakeholders, including municipalities, was established to review and provide advice on a broad range of provincial transportation issues. Feedback was provided on: the government's long-range infrastructure plan, which covered all modes of transportation; areas where funding should be targeted; and advice on legislative, policy and regulatory issues related to transportation. Through the Council of the Federation, Alberta supported the development of a national transportation strategy called Looking to the Future – A Plan for Investing in Canada's Transportation System. This document identifies the strategic transportation networks in Canada and proposes a new federal policy to help support future infrastructure investments.

The government has been actively involved in working with Transport Canada on the small airport viability issue and options for future action.

Alberta continued to participate in efforts to find a durable long-term solution to the softwood lumber trade dispute. In 2005, discussions took place between provinces aimed at developing a common approach to negotiating with the United States on this issue. The changes occurring in the global

GOAL THREE 3 Alberta's international competitiveness will be enhanced

business environment have impacted the competitiveness of the Alberta forest products sector. A clear understanding of the drivers of change is an important step to addressing this competitiveness issue, so the government initiated a project in partnership with the Alberta Forest Products Association to explore potential new business models to maintain a vibrant and competitive forest sector.

Food safety is a vital factor for export trade, and the government continued to work with national partners to complete national technical reviews for On Farm Food Safety programs. In 2005, reviews were conducted for these programs in the product areas of bison, turkey, potato producers and packers, and grains, oilseed, pulses and special crops. The government also reviewed and revised food safety standards for provincial food processors and meat facilities.

As international markets reopened, following years of closure due to bovine spongiform encephalopathy (BSE), several programs and events were designed and implemented with the beef industry in key international markets to regain market share and successfully position Alberta beef for the future.

The government invested nearly $14 million to increase Alberta's meat processing capacity. This spending included funding to establish research capacity and initiatives for growing value-added meat processing, and support for capital equipment purchases to increase slaughter capacity for cattle, bison and elk. Funding was also allocated to help the processing industry deal with environmental issues such as noise, waste, emissions and other industrial needs associated with developing new beef processing capacity.

Alberta's International Marketing Strategy (AIMS 2005) recognizes that Alberta's prosperity depends on attracting new investment and diversifying export markets. AIMS 2005 identifies key industry sectors and matches them with international markets where value-added trade and investment opportunities exist for Alberta. Many incoming and outgoing missions were organized in countries such as China, Japan, Egypt, Spain, France, Kuwait, the United States, France, Mexico, Peru and Taiwan. Furthermore, the Premier participated in the World Petroleum Congress in South Africa, which provided an opportunity for Alberta's energy sector to showcase its expertise to the world.

With increased profile of Alberta on the world stage and high commodity prices, the value-added exports market shows recent growth.

In 2005, the provincial government converted Alberta's 5% hotel room tax to the new 4% tourism levy, which allowed Travel Alberta to substantially expand its marketing initiatives. As well, the government worked with more than 60 communities in southeastern Alberta to develop and market Canadian Badlands as the province's must-see destination. Two new charter flights from Japan were launched bringing additional international tourists to the province. Internationally, work has been initiated to grant approved destination status to Canada by China, paving the way for increased visitation.

Tourism visitation continues to increase.

Discussion of Measures

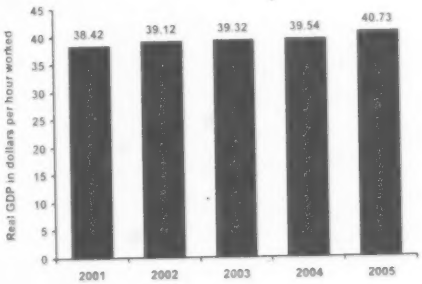
Total Goods Exports – Exports are a crucial factor for sustaining Alberta's economic performance and its global competitiveness. Total goods exports grew by 17.2% to $66.8 billion in 2004 and by 18.5% to an estimated $79.2 billion in 2005. Overall high global economic growth resulted from higher commodity prices and higher volumes of Alberta's commodities being exported to destinations around the world, including China and the United States. Resumption of beef exports and a strong United States housing market also positively contributed to an increase in the value of total goods exports.

GOAL THREE Alberta's international competitiveness will be enhanced

Labour Productivity – Labour productivity is a measure of the efficiency and competitiveness of an economy. Economic theory suggests that, in the long run, higher productivity growth is necessary for improving the overall standard of living and, at the same time, maintaining or enhancing the competitiveness of an economy. In 2005, Alberta continued to meet its target of maintaining the highest level of real labour productivity among the provinces, and was well above the national average. As part of the Building and Educating Tomorrow's Workforce strategy, the government ensures Alberta is able to compete with an increasingly global and knowledge-based economy. Specific initiatives include the Lean Enterprise Assessment Program, which assists the manufacturing sector to enhance business processes and productivity.

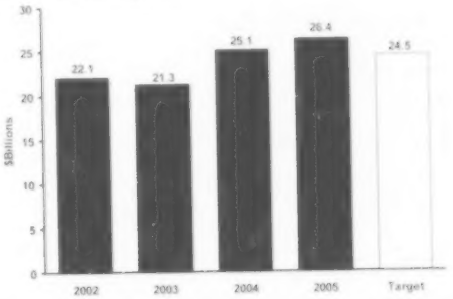
Alberta has had the highest level of real labour productivity among the provinces for more than five years.

Labour Productivity



Value-Added Exports – Exports are a vital part of Alberta's economy, and expanding the province's international value-added exports is important for sustaining Alberta's economic growth in a globally competitive marketplace. In 2005, value-added exports were an estimated $26.4 billion, exceeding the target of $24.5 billion. This substantial growth not only resulted from advantageous global economic conditions such as high global commodity prices, but also from a number of provincial strategies focused on expanding value-added exports.

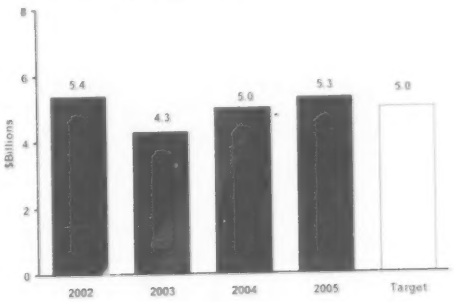
Value-Added Exports



Tourism Industry Revenue – In 2005, tourism industry revenue in Alberta was an estimated $5.3 billion, exceeding the target of $5.0 billion. In 2004, tourism visitation increased after a decline in visitors in 2003 resulting from BSE, Severe Acute Respiratory Syndrome (SARS), significant forest fires in British Columbia and the war in Iraq. Preliminary data from Statistics Canada for 2005 indicate 4% growth in visitation from other parts of Canada, a 2.5% decline in travel by United States residents and 6.4% growth in overseas visitation.

Increased number of visitors and tourism revenues are attributed to a number of factors: the Alberta centennial year, which saw increased travel by Albertans and other Canadians, recovery of confidence and a willingness by Japanese visitors to travel after the SARS outbreak was brought under control. In addition, in 2005, the Alberta government facilitated the development of emerging travel destinations in the province, such as the Canadian Badlands.

Tourism Industry Revenue



GOAL THREE 3

Alberta's international competitiveness will be enhanced

Measures

Societal Measure(s)	2001	2002	2003	2004	2005
Total Goods Exports International commodity exports measured in current dollars, including primary agriculture, primary forestry, fishing and trapping, mining and energy, and manufactured goods. (Percentage change). **Source**: Statistics Canada and Economic Development	$57.1r billion (2.8%)	$48.9r billion (-14.2%)	$57.0r billion (16.6%)	$66.8r billion (17.2%)	$79.2e billion (18.5%)
Labour Productivity Real GDP in dollars per hour worked (inter-provincial rank).* **Source**: Statistics Canada – Provincial Economic Accounts and Finance	$38.42 (highest)	$39.12 (highest)	$39.32 (highest)	$39.54 (highest)	$40.73 (highest)

Performance Measure(s)	Previous Years' Result(s)			Current Result(s)	2005-06 Target(s)
Value-Added Exports International value-added exports measured in current dollars, including manufactured goods and services. (Percentage change). **Source**: Statistics Canada, and Economic Development	22.1 billion (-5.0%) (2002)	$21.3r billion (-3.8%) (2003)	$25.1r billion (17.8%) (2004)	$26.4e billion (5.3%) (2005)	$24.5 billion (2.9%)
Tourism Industry Revenue Annual value of all tourism revenues in Alberta measured in current dollars, including expenditures made by residents and non-residents. **Source**: Statistics Canada – Canadian Travel Survey and International Travel Survey, and Economic Development	$5.4 billion (2002)	$4.3 billion (2003)	$5.0r billion (2004)	$5.3e billion (2005)	$5.0 billion

* This measure was adjusted in 2005-06 to be consistent with the Statistics Canada productivity methodology
r Revised
e Estimate

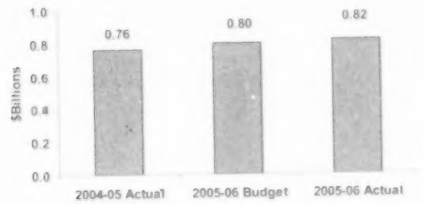
For more information, see the measures methodology at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

GOAL FOUR — Alberta's children and youth will be supported in reaching their potential

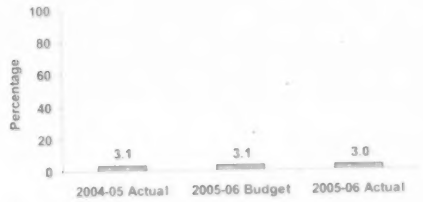
Discussion and Analysis

Families are the foundation to nurture the development of children and youth. Although parents have the primary responsibility of raising their children, communities, organizations, schools, businesses and governments all have supporting roles to play in helping to meet the needs of Alberta's children and youth. In 2005-06, the Alberta government directed $818 million toward the well-being of children.

Goal Four Expense



Percent of Total Expense



This goal includes spending of the following ministry: Children's Services.

The provincial government led the implementation of the cross-ministry Strategy for the Prevention of Family Violence and Bullying action plan. This resulted in legislative approval of proposed amendments to the *Protection Against Family Violence Act*, which will add a stalking provision, enhance remedies to protect all victims of family violence and improve the ability of judges and justices of the peace, police, and child intervention workers to act quickly in order to stop family violence and provide protection from further violence.

Through the Advancing Futures Bursary Program, a total of 529 youth, between the ages of 16-22 who have been or continue to be under the care of the province, had the opportunity to work toward obtaining a high school equivalency, earning a degree, learning a trade and/or earning a license or certificate.

Discussion of Measures

Well-Being of Children – To promote children reaching their potential, the Alberta government has programs and services that are designed to support Albertans in meeting their children's needs. Children living in low-income families may qualify for various government programs and services such as the premium-free health, dental and optical services, income support for families, child support services, childcare subsidies and recreational opportunities.

The Market Basket Measure (MBM) determines the cost of a "market basket" of specified goods and services. In 2000, 85% of Alberta's children were living at or above the MBM low-income thresholds. Alberta ranked second in the percentage of children living at or above the low-income thresholds compared to other provinces.

85% of Alberta's children were living at or above the Market Basket Measure low-income thresholds.

Social and Emotional Development – Children's development of appropriate behaviour is linked to their emotional-social wellness. This measure is expressed in two parts: percentage of children exhibiting age-appropriate personal-social behaviours; and percentage of children not displaying attributes associated with emotional problems or anxiety (i.e., children free of significant behavioural impediments for healthy emotional development).

The level of emotional-social development is an indication of a child's ability to reach his/her potential.

Measuring children's social development provides an indication of their level of emotional-social wellness as a determinant of ability to reach their

GOAL FOUR 4 Alberta's children and youth will be supported in reaching their potential

potential as individuals and citizens. Survey results indicate that in 2002-03, 85.9% of Alberta children, aged zero to three, exhibited age appropriate personal-social behaviours. The comparable national result was 84.3%. The target for this measure was to maintain or improve Alberta's result relative to the national average. The target was met. Alberta's result was 1.6 percentage points higher than the national average. The difference between Alberta and Canada for 2000-01 was 2.5 percentage points.

Measuring children's emotional development also provides an indication of the level of their emotional-social wellness as a determinant of ability to reach their potential as individuals and citizens. In 2002-03, 83.8% of Alberta children, aged two to five, did not display attributes associated with emotional problems or anxiety. Although this result is less than the previous survey year, it continues to be higher than the national results. The target for this measure was to maintain or improve Alberta's result relative to the national average. The target was met. For the 2002-03 survey year, Alberta's result was 0.5 percentage points higher than the national result. The difference between Alberta and Canada for 1998-99 and 2000-01 was 1.6 and 2.6 percentage points respectively.

Parenting Skills – Parenting style is one of the primary factors affecting children's outcomes, contributing more to the well-being of children than the socio-economic status of the family or the community in which the family lives.

Positive parent-child interaction affects the outcomes of children. 94.3% of Alberta children, from birth to age five, were receiving positive interaction from their parents.

To support parents in this important role, 14 new Parent Link Centres, which are community-based resources, have been established to assist parents with the information and skills to give children the best possible start in life.

This measure, therefore, provides an indication of children's behavioural disposition toward achieving their full potential. In 2002-03, 94.3% of Alberta children, from birth to age five, were receiving positive interaction from their parents. This result continues to be higher than the national average. The target for this measure was to maintain or improve Alberta's result relative to the national average. The target was met. For the 2002-03 survey year, Alberta's result was one percentage point higher than the national result. The difference between Alberta and Canada for 1998-99 and 2000-01 was 1.3 and 3.5 percentage points respectively.

GOAL FOUR — Alberta's children and youth will be supported in reaching their potential

Measures

Societal Measure(s)	2000	2001	2002	2003	2004
Well-Being of Children					
Percentage of children living in families with incomes at or above the Market Basket Measure (MBM) low-income thresholds (inter-provincial rank).	85% (2nd highest)	n/a*	n/a*	n/a*	n/a*
Source: Human Resources and Skills Development Canada					

Performance Measure(s)	Previous Years' Result(s)			Current Result(s)	2005-06 Target(s)
Social and Emotional Development (biennial survey)					
Percentage of Alberta children demonstrating:					
Healthy social development	n/a**	n/a**	Alberta: 91.0% (2000-01) Canada: 88.5% (2000-01)	Alberta: 85.9% (2002-03) Canada: 84.3% (2002-03)	Maintain or improve Alberta's result relative to the national average
Healthy emotional development	n/a**	Alberta: 87.8% (1998-99) Canada: 86.2% (1998-99)	Alberta: 89.1% (2000-01) Canada: 86.5% (2000-01)	Alberta: 83.8% (2002-03) Canada: 83.3% (2002-03)	Maintain or improve Alberta's result relative to the national average
Source: Statistics Canada and Social Development Canada - National Longitudinal Survey of Children and Youth (NLSCY)					
Parenting Skills (biennial survey)					
Percentage of Alberta children, aged 0-5, whose parents are interacting positively with them.	n/a**	Alberta: 89.3% (1998-99) Canada: 88.0% (1998-99)	Alberta: 93.5% (2000-01) Canada: 90.0% (2000-01)	Alberta: 94.3% (2002-03) Canada: 93.3% (2002-03)	Maintain or improve Alberta's result relative to the national average
Source: Statistics Canada and Social Development Canada - National Longitudinal Survey of Children and Youth (NLSCY)					

n/a* Current data was not available from the federal government.
n/a** Not applicable.
Note: Statistics Canada calculated the 2002-03 percentages using the cut-off points from 1998-99 data series. To maintain and improve comparability of year-over-year results, the 2000-01 percentages were recast (recalculated) using the 1998-99 cut-off points as well. However, recasting of the 2000-01 percentages does not affect the target status for the measures as reported in 2004-05 Measuring Up report.

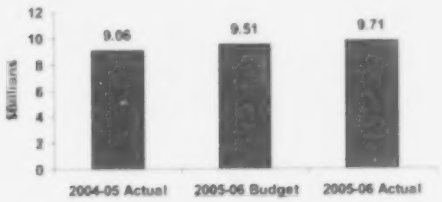
For more information, see the measures methodology at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

GOAL FIVE 5 **Albertans will be healthy**

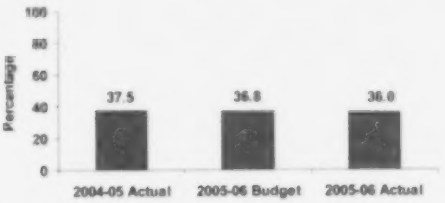
Discussion and Analysis

Albertans are encouraged to realize their full health potential through informed lifestyle choices. The province contributes to the health of Albertans by encouraging and supporting healthy living, ensuring quality health services are available, and by leading the health system. In 2005-06, the Alberta government directed $9,713 million toward the health care system.

Goal Five Expense



Percent of Total Expense



This goal includes spending of the following ministries: Finance; Health and Wellness; Infrastructure and Transportation; and Seniors and Community Supports.

The International Symposium on Health was conducted on May 3-5, 2005 in Calgary. The event featured over 400 participants and 28 experts from around the world. Its goal was to identify innovations that drive excellent health systems and healthier populations.

The International Symposium on Health profiled best practices and innovations in health systems.

Discussion of Measures

Life Expectancy at Birth – Life expectancy at birth is a universally recognized indicator of the general health and well-being of a population. In 2004, the life expectancy at birth for males and females were 77.8 years and 82.6 years, almost meeting the target of 78 years and 83 years respectively.

Life expectancies for males and females remain consistent over the years.

Self-Reported Health Status – Self-reported health status is a good indicator of the health and well-being of Albertans. It is accepted across Canada as a means of reporting on population health. It measures the degree to which Albertans feel healthy compared to others their own age. Survey results indicate that in 2006, 88% of Albertans aged 18-64 years rated their health as "good", "very good" or "excellent". This is within two percentage points of the target of 90%.

Healthy U is a provincial initiative to promote the benefits of healthy eating and active living; and important lifestyle factors that contribute to reducing the risk of chronic diseases. The initiative includes the website www.healthyalberta.com, Healthy U Crew, Community Choosewell Challenge, Healthy U @ Work, the Premier's Award for Healthy Workplaces, the Snacktivity Box, and recipe cards. The three-year Keep Your Body in Check program used public awareness and community education to heighten awareness and reduce the risk of developing type 2 diabetes, by helping at-risk Albertans to take positive actions in their health.

The Healthy U initiative promotes the benefits of a healthy lifestyle.

Participation in Healthy Behaviour – Living a healthy lifestyle greatly contributes to an improved quality and length of life. Results from the Canadian Community Health Survey indicate that in 2005, more than half of the respondents were exercising regularly (55%), below the target of 58%; almost half were at acceptable weight levels (46%), below the target of 50%; and the percentage of Albertans that consumed 5-10 daily servings of vegetables (39%), was just below the target of 40%.

The Alberta Alcohol and Drug Abuse Commission (AADAC) launched the Alberta Drug Strategy: Stronger Together – A Provincial Framework for

GOAL FIVE 5 Albertans will be healthy

Action on Alcohol and Other Drug Use. The Alberta Drug Strategy (ADS) is a comprehensive, collaborative and community-based approach to prevent and reduce problems related to alcohol and other drug use in Alberta. In support of the ADS, AADAC released the Coordinated Alberta Response to Methamphetamine. Efforts to reduce production, use and harm from this drug included support for community drug coalitions, education and public awareness, enforcement activities, legislation and treatment initiatives across the province.

A coordinated Alberta response to methamphetamine has been released by AADAC.

AADAC developed and implemented a communications plan to inform Albertans about the introduction of the *Smoke Free Places Act*. This legislation sets minimum provincial standards for protecting minors from second-hand smoke in public places. The communications plan included print and radio ads, a dedicated website and call centre, and province-wide public information sessions for municipalities and businesses.

The Smoke Free Places Act sets minimum standards to protect minors from second-hand smoke.

Reflecting the province's commitment to Albertans and the recommendation of the MLA Task Force on Continuing Care, the Government of Alberta is implementing new and updated standards for health and accommodation services in continuing care immediately. The new standards lay the groundwork for a higher quality of life and health care for all Albertans receiving continuing care services in home, community and facility-based settings. The standards were developed after months of feedback to the task force from continuing care residents and their families, industry stakeholders, facility operators and regional health authorities.

New and updated standards are being implemented for health and accommodation services in continuing care.

Ease of Access to Physician and Hospital Services – Access to publicly funded health services is a fundamental principle of the health care system and for health prevention and maintenance services. In a 2006 health survey, 78% of Albertans reported "very easy" or "easy" access to physician services, seven percentage points below the target of 85%. 67% of Albertans reported "very easy" or "easy" access to hospital services, six percentage points below the target of 73%.

A $54 million provincial investment over two years will support projects designed to improve province-wide access to health services and enhance the quality of patient care. Of these funds, $12 million will be used to sustain the hip and knee replacement project, currently being piloted by three health regions. The bulk of the funds, $42 million, will support the development of innovative models of care for health services such as cardiac care, breast and prostate cancer care, as well as the provincial rollout of the learnings from the new hip and knee model of care.

An investment has been made to improve access to health services and enhance patient care quality.

Twenty-one telehealth initiatives across Alberta will benefit from over $2.6 million in funding over the next two years through the Telehealth Clinical Services Grant Fund. The fund supports new telehealth programs that allow Albertans, regardless of location, to have access to needed medical professionals and specialists.

Public Rating of Health System Overall – Albertans' perception of the health system is reflected in survey ratings. Survey results include perception about the quality of care, service accessibility, the manner in which the service was provided, and the patient-provider relationship. In

GOAL FIVE 5 Albertans will be healthy

a 2006 health survey, 65% of Albertans rated our health system as "excellent" or "good". This meets the target of 65%.

An additional $116 million provincial investment in the electronic health record system will support province-wide technology enhancements and connect more health professionals to the patient information they need to make the best care decisions. More than 300 health professionals will pilot an enhanced Alberta Netcare Electronic Health Record, which will provide users with a more intuitive and easy-to-access system. The upgrades will also give physicians across the province access to text reports of diagnostic imaging results for the first time. Diagnostic images will be accessible early in 2007, but for now, health professionals will be able to access the detailed analysis of results.

Alberta Netcare will connect more health professionals to patients' detailed results.

The provincial government and Canada Health Infoway will contribute a total of $143 million and $46 million respectively to invest in sophisticated new diagnostic imaging systems that will allow hospitals and clinics throughout Alberta to electronically share patient X-rays and CT and MRI scans through Alberta Netcare.

This year also marks a milestone for the availability of lab test results on Alberta Netcare. More than 55% of lab test results conducted in the province are now available electronically with 85% expected to be available this summer. Lab test results will be available electronically to health care professionals. Recent studies in Canada found that for every 1,000 laboratory and radiology tests performed, up to 150 are unnecessary and for every 1,000 patient visits with a specialist, specialists received no patient information for 680 of those visits. Alberta Netcare helps bridge the information gaps that compromise the quality and productivity of Alberta's health care system.

Lab test results will be available electronically to health care professionals.

Alberta's first Primary Care Network launched on May 1, 2005. Primary Care Networks provide a wide range of value-added services. Fourteen Primary Care Networks now operate in seven health regions involving 550 family physicians providing services to more than 700,000 patients. In a Primary Care Network, family physicians work with health regions, specialists and other providers to offer comprehensive access to primary care services.

Primary Care Networks provide a wide range of value-added services.

Alberta will invest $3 million for up to 14 additional residency seats for foreign-trained doctors now living in the province. Additional residency seats for foreign-trained doctors will increase the number of practicing physicians in Alberta. The additional seats mean a potential 42 foreign-trained doctors will be licensed in the province annually. Because they have already had some medical training, foreign-trained doctors can often be trained more quickly and at less cost. This program is one of a number of strategies the province has in place to increase the number of physicians practicing in Alberta. This includes increasing the number of residency seats for medical students from 824 to 955, or 16%, since 2003, and a clinical program helping foreign-trained graduates to be physician assistants working under a physician.

Additional residency seats for foreign-trained doctors will increase the number of practicing physicians in Alberta.

Alberta actively contributed to the National Pharmaceutical Strategy as part of an integrated, comprehensive and collaborative approach to pharmaceuticals in Canada, including working with federal, provincial and territorial governments to develop options for national catastrophic pharmaceutical coverage.

GOAL FIVE 5 Albertans will be healthy

Measures

Performance Measure(s)	Previous Years' Result(s)			Current Result(s)	2005-06 Target(s)
Life Expectancy at Birth					
Years of life for females.	82.4 (2001)	82.0 (2002)	82.3 (2003)	82.6 (2004)	83.0 years
Years of life for males.	77.0 (2001)	77.4 (2002)	77.5 (2003)	77.8 (2004)	78.0 years
Source Health and Wellness, Vital Statistics Registry, Alberta Health Care Insurance Plan Stakeholder Registry					
Self-Reported Health Status*					
Rating as "excellent," "very good" or "good" (18-64 years).	90% (2003)	88% (2004)	89% (2005)	88% (2006)	90%
Source HQCA Satisfaction with Healthcare Survey – Health Quality Council of Alberta; Public Survey about Health and the Health System in Alberta; Health and Wellness					
Participation in Healthy Behaviour (biennial survey)					
Exercise regularly – "active" or "moderately active."	n/a	52% (2001)	56% (2003)	55% (2005)	58%
Healthy Body Mass Index.**	n/a	49% (2001)	47% (2003)	46% (2005)	50%
Healthy eating – eat 5-10 servings of fruit and vegetables each day.	n/a	33% (2001)	39% (2003)	39% (2005)	40%
Source Statistics Canada – Canadian Community Health Survey					
Ease of Access to Services*					
Rating as "easy" or "very easy." Physician Services	86% (2003)	85% (2004)	86% (2005)	78% (2006)	85%
Hospital Services	72% (2003)	73% (2004)	72% (2005)	67% (2006)	73%
Source HQCA Satisfaction with Healthcare Survey – Health Quality Council of Alberta; Public Survey about Health and the Health System in Alberta; Health and Wellness					
Public Rating of Health System Overall*					
Rating as "excellent" or "good."	65% (2003)	65% (2004)	67% (2005)	65% (2006)	65%
Source HQCA Satisfaction with Healthcare Survey – Health Quality Council of Alberta; Public Survey about Health and the Health System in Alberta; Health and Wellness					

* Results for 2006 were from the 2006 HQCA Satisfaction with Healthcare Survey conducted by IPSOS; results for 2003-2005 were from the Public Survey about Health and the Health System in Alberta conducted by the Population Research Laboratory at the University of Alberta.

** Healthy Body Mass Index was referred to as "Acceptable Weight" in Measuring Up 2005.

n/a Data not comparable.

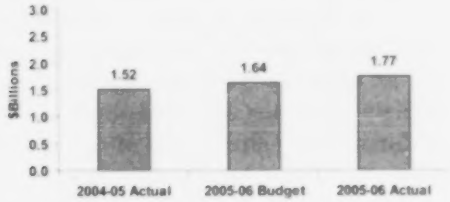
For more information, see the measures methodology at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

GOAL SIX 6 Albertans will be self-reliant and independent and those unable to provide for their basic needs will receive help

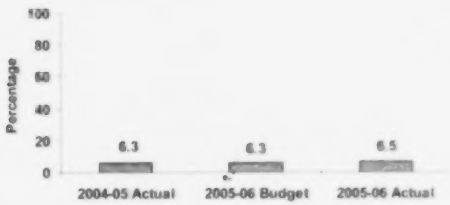
Discussion and Analysis

Government has a role in building an accessible and inclusive society. Communities, organizations, and governments all have roles in ensuring that low-income Albertans, including seniors, unable to provide for their basic needs will receive help. Disability-related supports and services are provided to assist adult Albertans with disabilities so that they can be contributing members of Alberta communities. In 2005-06, the Alberta government directed $1,766 million to assist Albertans to become self-reliant and to those unable to provide for their basic needs.

Goal Six Expense



Percent of Total Expense



Goal 6 expense amounts were adjusted from those published in the 2005-08 Strategic Business Plan to report lodge assistance funding under Goal 13, instead of Goal 6, as the funding is primarily directed at seniors.

This goal includes spending of the following ministries: Human Resources and Employment; Justice; Seniors and Community Supports; and Solicitor General and Public Security.

The Government of Alberta supported the self-reliance and independence of Albertans using a variety of approaches. Specifically, this was aided by: providing training to farm families through the Canadian Agricultural Skills Services program on behalf of the federal government; monitoring existing housing operations and facilitating access to provincially-owned land for building new affordable housing; and working with the City of Edmonton and the University of Alberta on the Families First Edmonton research project in order to better coordinate support programs and lead to better outcomes for low-income families.

The government aided youth with addictions through the successful Bridges pilot project, which has now become a permanent program for male offenders. Of the 29 youth that participated in Bridges, 18 completed the program and six are still in the process of completing the program.

The Bridges pilot project aided youth with addictions.

The government continued to renew the Assured Income for the Severely Handicapped (AISH) program. This included several financial support improvements, such as: an increase in the monthly living allowance; the introduction of personal income support benefits to meet the extra needs of clients, such as costs associated with emergency transportation, special diets, or caring for a guide animal; and an increase in the employment income exemptions, allowing clients to earn more income without affecting their AISH living allowance. Other program improvements that were implemented include: an expansion of the program that assists vulnerable clients in administering their AISH benefits and the introduction of the renewed *Assured Income for the Severely Handicapped Act*, which will allow the AISH program to be more flexible and responsive to client needs.

The government increased the Assured Income for the Severely Handicapped monthly living allowance to $950.

Through the Alberta Brain Injury Initiative, the government supported more than 3,000 people with acquired brain injuries and more than 200 other adults with disabilities that often fall outside existing department and program mandates. Three pilot projects aimed at providing continued support for adults with Fetal Alcohol Spectrum Disorder were also funded by the government through the Program Development for Persons with Disabilities Initiative.

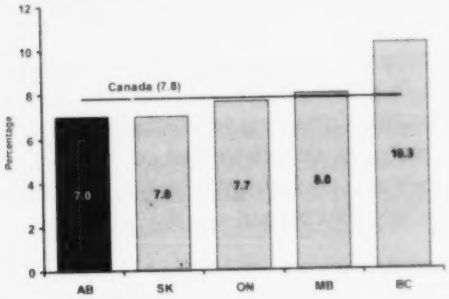
GOAL SIX 6

Albertans will be self-reliant and independent and those unable to provide for their basic needs will receive help

Discussion of Measures

Economic Status of Albertans – The Market Basket Measure (MBM) is a measure of low income, which considers the cost of a specific basket of goods and services in different communities across Canada. In 2000, 88% of Albertans were living at or above the MBM low-income thresholds.

Families in Low Income in 2004 (after tax)



More current data also supports Albertans' healthy economic status, as the average after-tax family income for an economic family of two persons or more was $69,500. This is higher than Ontario and the other western provinces, and exceeds the Canadian average of $62,700. Alberta's income distribution also appears to be healthy as the percentage of families (two persons or more) with low income is 7%, which is tied with Saskatchewan for the lowest.

Persons with Developmental Disabilities (PDD) Funded Services – PDD Boards provide adults with developmental disabilities with living, employment and community access supports, which assists them in participating in the social, economic and cultural life of the province. In 2004-05, 85.8% of families/guardians (public and private) reported overall satisfaction with the PDD funded services received by the person to whom they provide guardianship. In their comments, survey respondents linked barriers to community living, such as lack of affordable, accessible housing and transportation, to overall levels of satisfaction for their family members with developmental disabilities.

Several initiatives and actions were taken in order to support individuals with disabilities, including creating more community employment opportunities for adults with developmental disabilities.

Measures

Societal Measure(s)	2000	2001	2002	2003	2004
The Economic Status of Albertans Percentage of Albertans living at or above the Market Basket Measure (MBM) low-income thresholds (inter-provincial rank).	88% (2nd highest)	n/a*	n/a*	n/a*	n/a*

Source Human Resources and Skill Development Canada

Performance Measure(s)	Previous Years' Result(s)			Current Result(s)	2005-06 Target(s)
Persons with Developmental Disabilities (PDD) Funded Services (biennial survey) Satisfaction, by families/guardians of persons with developmental disabilities, with PDD-funded services.	n/a**	90.4 (2000-01)	88.7% (2002-03)	85.8% (2004-05)	n/a***

Source Seniors and Community Supports – Persons with Developmental Disabilities Family and Guardian Satisfaction Survey

n/a* Current data was not available from the federal government
n/a** Not available
n/a*** Current target is unavailable for the Persons with Developmental Disabilities (PDD) Funded Services measure, as this is a biennial survey

For more information, see the measures methodology at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

GOAL SIX

Albertans will be self-reliant and independent and those unable to provide for their basic needs will receive help

Discussion of Measures

Economic Status of Albertans The Market Basket Measure (MBM) is a measure of low income, which considers the cost of a specific basket of goods and services in different communities across Canada. In 2000, 88% of Albertans were living at or above the MBM low-income thresholds.

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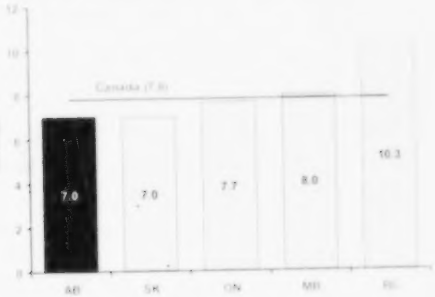

More current data also supports Albertans' healthy economic status, as the average after-tax family income for an economic family of two persons or more was $69,500. This is higher than Ontario and the other western provinces, and exceeds the Canadian average of $62,700. Alberta's income distribution also appears to be healthy as the percentage of families (two persons or more) with low income is 7%, which is tied with Saskatchewan for the lowest.

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Several initiatives and actions were taken in order to support individuals with disabilities, including creating more community employment opportunities for adults with developmental disabilities.

Measures

Societal Measure(s)	2000	2001	2002	2003	2004
The Economic Status of Albertans					
Percentage of Albertans living at or above the Market Basket Measure (MBM) low-income thresholds (inter-provincial rank)	88% (2 highest)	n/a*	n/a*	n/a*	n/a*

Source: Human Resources and Skill Development Canada

Performance Measure(s)	Previous Years' Result(s)			Current Result(s)	2005-06 Target(s)
Persons with Developmental Disabilities (PDD) Funded Services (biennial survey)					
Satisfaction, by families/guardians of persons with developmental disabilities, with PDD-funded services	n/a**	90.4 (2000-01)	88.7% (2002-03)	85.8% (2004-05)	n/a***

Source: Persons with Developmental Disabilities Family and Guardian Satisfaction Survey

n/a* Current data was not available from the federal government.
n/a** Not available.
n/a*** Current target is unknown for the Persons with Developmental Disabilities (PDD) Funded Services measure as this is a biennial survey.

For more information see the measure's methodology at http://www.finance.gov.ab.ca/publications/measuring_up/methodology.html

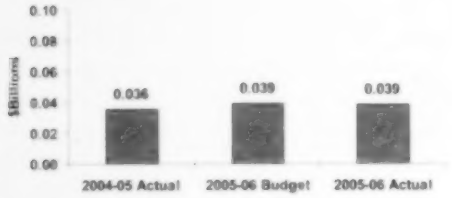
GOAL SEVEN 7

The well-being and self-reliance of Aboriginal communities and people will be improved

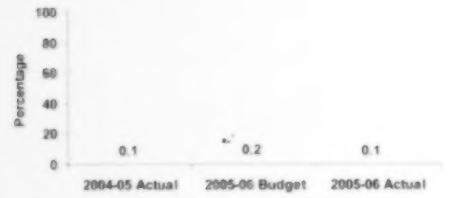
Discussion and Analysis

Section 35 of the Canadian *Constitution Act, 1982* recognizes the Aboriginal people of Canada and affirms existing Aboriginal and Treaty rights. The province has developed ongoing relations with Aboriginal governments, organizations and communities in Alberta. Through the Strengthening Relationships: The Aboriginal Policy Framework, the province is committed to increasing the participation of Aboriginal people in the social and economic life of Alberta. In 2005-06, the Government of Alberta directed $39 million toward Aboriginal issues not addressed under other government goals.

Goal Seven Expense



Percent of Total Expense



This goal includes spending of the following ministry: Aboriginal Affairs and Northern Development.

Discussion of Measures

Educational Attainment of Aboriginal Albertans Aged 25-34 – The high school completion rate of Aboriginals living off-reserve (aged 25-34) has remained fairly stable over the last three years, with 2005 survey results indicating a completion rate of 76%. Post-secondary completion of off-reserve Aboriginals (aged 25-34) declined slightly for a second year in a row, with survey results indicating a 39% completion rate. In order to provide better data on the educational outcomes of Aboriginal students, the government has undertaken a data collection initiative to identify Aboriginal students in Alberta's Kindergarten to Grade 12 and post-secondary education systems.

76% of off-reserve Aboriginal Albertans aged 25-34 reported completing high school, while 39% reported completing post-secondary education.

The Alberta government encouraged Aboriginal education attainment by developing and implementing training programs for Aboriginal home school liaison workers. In partnership with the Alberta Apprenticeship and Industry Training Board, employers, and Aboriginal communities, the province also encouraged Aboriginal youth to participate in trades-related careers.

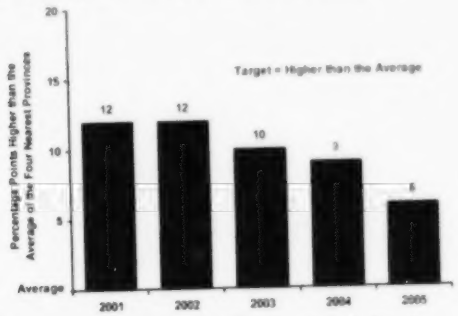
Aboriginal Affairs – In 2005, the Alberta government approval rating on Aboriginal relations was six percentage points higher than the average rating of the four nearest provinces. This exceeded the performance target, which was to be higher than the average of the four nearest provinces. The decline from last year (from nine to six percentage points) was mainly a result of improved ratings in the other provinces, as the rating for Alberta has remained constant over the last few years (52% in 2003, 51% in 2004, and 51% in 2005).

The province's approval of Aboriginal relations remains six percentage points higher than the average of the four nearest provinces.

The province continues to work at improving the well-being and self-reliance of Aboriginal people by further building relationships between the provincial government, Aboriginal governments and communities, industry, and other partners. This is reflected by Alberta's Aboriginal Policy Framework, and was supported by the Aboriginal Policy Initiative.

GOAL SEVEN 7 The well-being and self-reliance of Aboriginal communities and people will be improved

Aboriginal Affairs
(Public approval rating on Aboriginal issues.)



The government of Alberta, the federal government, and First Nations worked together to remove jurisdictional and regulatory barriers to major developments on First Nations reserves. This included assistance with the passage of federal legislation necessary to implement approaches to remove barriers. An Alberta team was also established to work with industry, the federal government, and the Fort Mackay First Nation to design a project-specific implementation of the policy in the oil sands.

The government also worked on resource management strategies, and in May 2005, Cabinet approved the First Nations Consultation Policy on Land Management and Resource Development, which addresses the manner in which Alberta will consult with First Nations and defines the roles and responsibilities of all parties. This was supported by the implementation of initiatives that seek to build the capacity of First Nation communities to effectively engage in consultation processes.

Measures

Societal Measure(s)	2001	2002	2003	2004	2005
Educational Attainment of Aboriginal Albertans Age 25-34					
High school completion.	n/a	n/a	76%r	73%r	76%
Post-secondary completion.	n/a	n/a	42%r	41%r	39%

Source: Statistics Canada – Labour Force Survey

Performance Measure(s)	Previous Years' Result(s)			Current Result(s)	2005-06 Target(s)
Aboriginal Affairs					
Public approval rating on Aboriginal issues compared to the average of the four nearest provinces.*	12 percentage points higher (2002)	10 percentage points higher (2003)	9 percentage points higher (2004)	6 percentage points higher (2005)	Higher than the average of the four nearest provinces*

Source: Environics Research Group Limited, Focus Canada reports, and Aboriginal Affairs and Northern Development

n/a Data not available.
r Revised.
* The four nearest provinces consists of British Columbia, Saskatchewan, Manitoba, and Ontario.
Note: In the future, the performance measure "Participation in the Economy – Difference in unemployment rates of Aboriginal people and non-Aboriginal people," which was foreshadowed in 2005 Government Business Plan, will be reported in the Annual Report of Aboriginal Affairs and Northern Development.

For more information, see the measures methodology at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

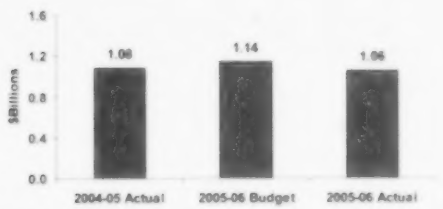
GOAL EIGHT 8

Alberta will have a financially stable, open and accountable government

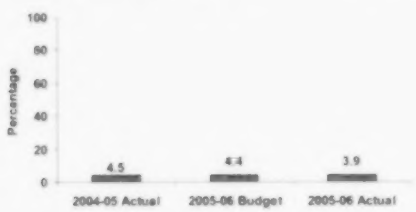
Discussion and Analysis

Financial stability is essential for the government to be able to provide programs and services that are important to Albertans now and in the future. The government is dedicated to providing effective public policy and quality, affordable services for Albertans. It is also committed to being open and accountable to Albertans. In 2005-06, the Alberta government directed $1,056 million toward the general administration of government and debt servicing costs.

Goal Eight Expense



Percent of Total Expense



This goal includes spending of the following ministries: Energy; Executive Council; Finance; Gaming; Government Services; Human Resources and Employment (Personnel Administration Office); Infrastructure and Transportation; Municipal Affairs; and Restructuring and Government Efficiency.

The Government of Alberta continues to work on improving both government efficiencies and Albertans' access to government services. The government has undertaken shared corporate administration systems, used strategic sourcing for office supplies and computer hardware, and expanded e-business services, such as electronic payment processing and electronic form management to automate traditional government business practices. Service Alberta, a source where Albertans can access government information and services, was reviewed to develop new business and service delivery models that are focused on issues such as governance, accountability, sustainability and functionality.

To further ensure that Albertans' information and privacy is protected, amendments were made to the *Freedom of Information and Protection of Privacy Act* that included provisions to protect personal information held by third party service providers from the application of the *USA PATRIOT Act*.

Alberta's non-renewable resource royalty system is designed to capture a fair share of resource revenue for Albertans from energy and mineral development, while leaving industry with sufficient return to cover costs, receive a fair profit and encourage further investment in the development of non-renewable resources. Albertans also benefit directly in other ways (e.g., jobs) from increased investment. Preliminary industry data for 2005 indicate $21 billion was invested in conventional oil and natural gas development and $10 billion in oil sands development.

Alberta's non-renewable resource revenue in 2005-06 was $14.4 billion.

Discussion of Measures

Provincial Credit Rating – Alberta's credit rating is a broad measure of the province's financial stability. Alberta has maintained a blended credit rating for domestic debt of Triple A from all three major credit rating agencies – Standard and Poor's Rating Service, Moody's Investor Service Limited and Dominion Bond Rating Service, thereby achieving the target for this measure. Compared to British Columbia and Ontario, Alberta had the highest possible rating from all three major credit rating agencies. The high credit rating reflects the rating agencies' positive assessment of the province's fiscal, economic and political environment. The rating agencies cite Alberta's strong financial position, the government's commitment to debt repayment, and its record of balancing budgets and meeting forecasts as the key reasons for the top rating.

Highest possible credit rating maintained at AAA for domestic debt, for 6 years running.

GOAL EIGHT 8 Alberta will have a financially stable, open and accountable government

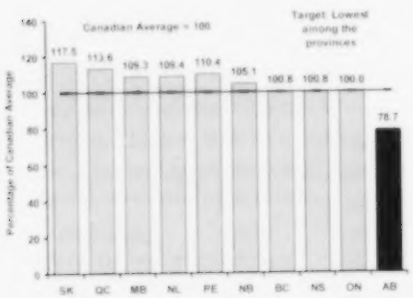
Accumulated Debt – The level of accumulated debt is an indicator of the financial strength and long-term stability of the province. Debt undertaken for operating spending burdens future generations with debt servicing costs and debt repayment obligations. Alberta's prudent fiscal management is reflected in the government's accelerated repayment of the province's accumulated debt. The province has set aside funds in the Debt Retirement Account to repay the remaining accumulated debt as it matures. The funds, which are locked in by legislation, eliminate the province's accumulated debt 20 years ahead of schedule.

With accumulated debt no longer absorbing the province's surpluses, the government has an increased ability to invest in the province's priorities.

Tax Load – The government believes that the tax system must be fair, globally competitive and promote self-reliance. Alberta has a low single rate income tax. It is the only province without a capital tax or retail sales tax, and has the lowest tax on gasoline among the provinces. In 2005-06, Alberta had the lowest tax load (total provincial and municipal) among the provinces at 78.7% of the provincial average, the lowest in the country.

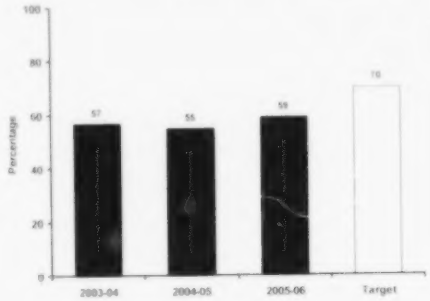
Alberta continues to have the lowest tax load in the country.

Tax Load (2005-06)



Government Financial Accountability – The provincial government reports quarterly to Albertans on progress made in achieving the current year's fiscal plan. The *Government Accountability Act* sets out the reporting requirements that provide government accountability. In 2006, Albertans were surveyed and asked the following question: "How satisfied are you with the information you receive from the Alberta government on the government's financial performance?" The 2005-06 survey results show that 59% of Albertans were satisfied with the information they received from the province on the government's financial performance. This is up from 55% in 2004-05 and below the target of 70%.

Government Financial Accountability
(Albertans' satisfaction with information on government financial performance.)



GOAL EIGHT 8 Alberta will have a financially stable, open and accountable government

Measures

Performance Measure(s)	Previous Years' Result(s)			Current Result(s)	2005-06 Target(s)
Provincial Credit Rating Blended credit rating for domestic debt. **Source**: Finance, and Standard and Poor's Rating Services, Moody's Investors Service Limited, and Dominion Bond Rating Service	AAA (2002-03)	AAA (2003-04)	AAA (2004-05)	AAA (2005-06)	AAA
Accumulated Debt (less cash set aside for future debt repayment). **Source**: Government of Alberta, Consolidated Financial Statements	$4.7 billon (2002-03)	$3.7 billion (2003-04)	nil (2004-05)	nil (2005-06)	nil
Tax Load Total provincial and municipal tax load as a percentage of the Canadian average (inter-provincial rank). **Source**: Federal Department of Finance, and Alberta Finance	76.9%r (lowest) (2002-03)	75.4%r (lowest) (2003-04)	75.2%r (lowest) (2004-05)	78.7% (lowest) (2005-06)	Lowest among the provinces
Government Financial Accountability Percentage of Albertans who think they get enough information on the government's financial performance. **Source**: Environics Research Group Limited, Focus Alberta report, and Finance	n/a	57% (2003-04)	55% (2004-05)	59% (2005-06)	70%

r Revised
n/a Not available

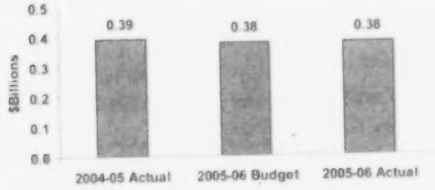
For more information, see the measures methodology at http://www.finance.gov.ab.ca/publications/measuring/measupt06/index.html

GOAL NINE 9 Alberta will have strong and effective partnerships with local, provincial, national and international governments

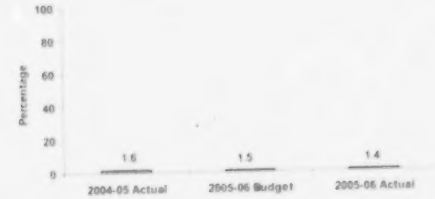
Discussion and Analysis

The government works to promote the province's interests: as an equal partner in a strengthened, united Canada; through strengthened international relations; and from greater trade and investment liberalization, internationally and domestically. Municipalities provide a broad range of services to Albertans where they live, work and play. At the core of these services is a partnership between the province and Alberta's municipalities that provides for open, effective, accountable, and well-managed local governments. In 2005-06, the provincial government directed $379 million to promote strong and effective partnerships with local, provincial, national and international governments.

Goal Nine Expense



Percent of Total Expense



This goal includes spending of the following ministries: Finance; International and Intergovernmental Relations; and Municipal Affairs.

As the 2005 chair of both the Premiers' Council of the Federation and the Western Premiers' Conference, Alberta was in a strong position to influence the intergovernmental agenda and to ensure that the main priorities for the Council identified by Premiers are consistent with Alberta's intergovernmental priorities. A meeting of First Ministers and National Aboriginal Leaders was held in November 2005 to discuss Aboriginal issues. The meeting focused on closing the socio-economic and living standards gap between Aboriginal and other Canadians over the next ten years.

At key meetings, intergovernmental priorities and actions were influenced by Alberta's priorities and strategic direction.

Also, in May 2005 the Council of the Federation established an expert panel to examine the fiscal imbalance. Alberta Ministers and officials met with the expert panel to provide Alberta's position on the fiscal imbalance and reforming federal/provincial relations.

Alberta entered into cooperative bilateral agreements with British Columbia that will result in the reduction of overlap and duplication of work on issues such as the control of mountain pine beetle infestations and the sharing of Olympic training and competition facilities.

Alberta also engaged the federal government in discussions on changes to the immigration selection process, streamlining the application approval process for permanent applicants and temporary foreign workers to address Alberta's labour shortages.

In December 2005, Alberta attended the World Trade Organization (WTO) Ministerial Conference, as part of the Canadian delegation and promoted Alberta priority issues (agriculture, trade remedy rules and market access for services and industrial products) with federal ministers, negotiators and delegations from other WTO members. Alberta successfully concluded more than two years of negotiations with British Columbia on a comprehensive bilateral trade, investment and labour mobility agreement.

Alberta participated in ongoing softwood lumber litigation with the United States, and continued to work with other provinces on negotiating strategies for the resumption of discussions with the United States aimed at a long-term durable solution.

GOAL NINE 9 Alberta will have strong and effective partnerships with local, provincial, national and international governments

Alberta played an active role within Canada and with United States partners in responding to the United States government's Western Hemisphere Travel Initiative, which would impose additional documentation requirements on both Canadians and Americans seeking to cross the border into the United States.

Through its office in Washington, D.C., Alberta substantively raised the province's profile as a secure and increasingly important supplier of energy to the United States, as well as highlight the importance of addressing regulatory impediments to the efficient trade in energy products.

Alberta provided recommendations on the activities of the North American Free Trade Agreement (NAFTA) Commission, and participated with the federal government in discussions on the Security and Prosperity Partnership of North America, which deals with practical steps to improve the economic relationship in North America to complement and enhance what has been achieved in the NAFTA.

Provincial/municipal relationships have recently received attention through a reinvigorated Minister's Council on Municipal Sustainability. Four working committees were established to explore roles and responsibilities, new municipal revenue sources, municipal growth and inter-municipal relationships, and how any proposed changes would affect servicing differences between large and small, urban and rural municipalities.

The government encouraged and facilitated partnerships between municipalities in joint planning, innovation and shared delivery of services and programs through, for example, the Regional Partnerships Initiative. This initiative provided $2.4 million in grants to 14 partnerships, comprised of 110 partner municipalities, to explore shared-services and related partnership opportunities in their respective regions.

Significant new provincial funding was provided to help municipal infrastructure debt. The Alberta Municipal Infrastructure Program was announced as part of Budget 2005 and will provide $3 billion in provincial funding over five years for local infrastructure projects in Alberta. The government negotiated the Canada-Alberta Agreement on the New Deal for Cities and Communities in 2005, and $57.2 million was distributed in 2005-06.

In 2005-06, $600 million was distributed to municipalities for various projects.

Contributions to the financial sustainability of local governments continued. The Municipal Sponsorship Program provided $14.5 million to municipalities to help fund projects promoting innovation, cooperation and excellence in local government. The government also provided $24.8 million to 302 municipalities through the Unconditional Municipal Grant Program, which included a targeted assistance payment of $10 million to 123 municipalities, and $30.9 million to 170 municipalities as grants in place of taxes.

Funding was provided to 333 municipalities for a variety of projects involving computers, municipal development plans, emergency communications systems and other municipal priorities.

The government completed detailed assessment audits for 67 municipalities during the fiscal year. This concluded the first five-year cycle of the detailed audit program, which involved a comprehensive review of each municipality's assessment practices and procedures.

The government provides an independent system that administers appeals received by the Municipal Government Board (MGB), on matters as established by the *Municipal Government Act* and to issue timely and impartial decisions of high quality. In 2005-06, over 80% of the parties that were participants in the appeal process and

GOAL NINE 9 Alberta will have strong and effective partnerships with local, provincial, national and international governments

directly affected by MGB decisions stated that they were satisfied with the fairness and efficiencies achieved in the hearing processes and the quality and timely delivery of MGB decisions.

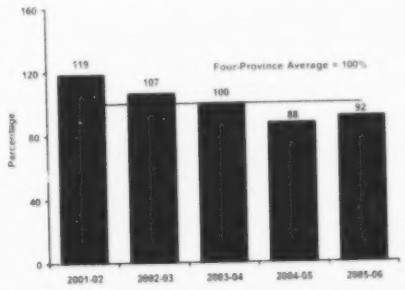
To encourage the federal government to reform criminal law, Alberta took the lead on the issue of conditional sentences of imprisonment making our position very clear to the federal government that in order to maintain public confidence in the justice system those convicted of serious offences must face real jail time. Alberta also endorsed Parliament's action to pass Bill C-2 (Child Protection), which came into force in 2005. Significant elements of the Bill relate to mandatory minimum jail sentences for almost all child sexual exploitation offences, including all child pornography offences.

Alberta takes the lead on addressing concerns about criminal sentencing, via an array of efforts to influence the federal government's position on offence provisions.

Discussion of Measures

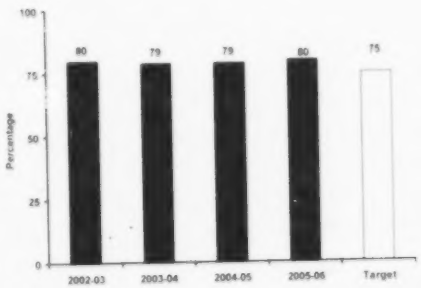
Federal/Provincial Relations – The government works to advance the province's interests in the Canadian federation. Public approval ratings reflect Albertans' perceptions of how well the provincial government is advancing the interests of Albertans within confederation. In 2005-06, Alberta's average public approval rating in federal/provincial relations was at or above the average approval rating of the four nearest provinces (British Columbia, Saskatchewan, Manitoba, and Ontario). Alberta's average public approval rating has increased since 2004-05, reversing a downward trend over the previous three years.

Federal/Provincial Relations
(Albertans' approval rating as a percentage of the four western provinces.)



Albertans' Satisfaction with their Local Governments – Albertans experienced continued satisfaction, for the most part, with their local governments. In a 2005-06 survey, 80% of Albertans were satisfied with their municipal governments, which is above the target of 75% and is approximately the same as the previous year's survey results.

Albertans' Satisfaction with their Local Governments



GOAL NINE 9 Alberta will have strong and effective partnerships with local, provincial, national and international governments

Measures

Societal Measure(s)	2001-02	2002-03	2003-04	2004-05	2005-06
Federal/Provincial Relations					
Public approval rating of the Alberta government in federal/provincial relations as a percentage of the average rating of the four nearest provinces.	119%	107%	100%	88%	92%
Source: Environics Research Group Limited: Focus Canada report, and Intergovernmental and International Relations					

Performance Measure(s)	Previous Years' Result(s)			Current Result(s)	2005-06 Target(s)
Albertans' Satisfaction with their Local Governments					
Percentage satisfied.	80% (2002-03)	79% (2003-04)	79% (2004-05)	80% (2005-06)	75%
Source: Albertans' Satisfaction with their Municipal Government survey, and Municipal Affairs					

For more information, see the measures methodology at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

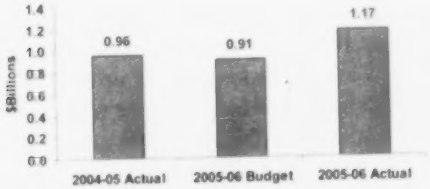
GOAL TEN 10

Alberta will be a fair and safe place to work, live and raise families

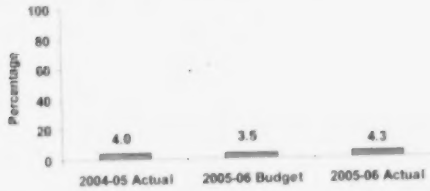
Discussion and Analysis

Albertans want communities in which they can live and raise families in safety and security without fear of personal or property crime, victimization or discrimination. This requires protection of human rights and personal privacy, crime prevention, services to victims of crime, and effective policing and fire protection. It also requires a strong and effective prosecution service, an accessible court system, cost effective and accountable correctional services, and partnerships with the judiciary, police, and other stakeholders. Albertans also want communities that are prepared to deal with emergencies and a government that will take action to address public safety risks. In 2005-06, the Alberta government directed $1,168 million toward the protection of persons and property.

Goal Ten Expense



Percent of Total Expense



This goal includes spending of the following ministries: Community Development; Finance; Government Services; Human Resources and Employment; Infrastructure and Transportation; Justice; Municipal Affairs; Solicitor General and Public Security; and Sustainable Resource Development.

Several initiatives were implemented by the province to improve access to the justice system. These included: the expansion of videoconferencing to additional court sites to enhance courtroom safety and reduce the movement of the accused between remand facilities and courts; increased use of effective dispute resolution forums within Family Justice Services; and pilot projects in Edmonton and Calgary that are aimed at increasing the efficiency and effectiveness of docket courts and docket appearances.

The government expanded videoconferencing to additional court sites.

Efforts were also made to help ensure high quality policing and police services. This included amendments to the *Police Act* to increase police accountability; and the implementation of provincial policing standards along with a system to track police compliance. Programs and services for victims of crimes also continued to be improved upon, as 13 of the 37 government-accepted recommendations (from the Victims of Crime Report) have been implemented with progress being made on an additional six.

The government implemented provincial policing standards and a system to track compliance.

The Government of Alberta continued to work toward improving road safety. In October 2005, the *Traffic Safety Amendment Act* was enacted. The new Act includes a law requiring drivers to slow down when passing emergency vehicles and tow trucks with their lights flashing. The new law, which doubles existing fines when drivers are speeding in these zones, will make it safer for police officers, firefighters, ambulance personnel, tow truck operators and construction workers, as well as motorists. The Act also included changes that deal with driving without insurance, seizure of vehicles involved in racing, use of evidence from a vehicle's "black box" in legal proceedings, and reporting unsafe drivers. In support of the new Alberta Traffic Safety Plan, a six-month pilot project was started that involves ten provincial Sheriffs working with RCMP officers to perform traffic safety enforcement on high-risk roadways.

Fines for speeding past emergency and construction workers were doubled.

GOAL TEN

Alberta will be a fair and safe place to work, live and raise families

Other efforts made by the government to improve safety and emergency response include: a series of workshops conducted throughout the province by the Alberta Fire Services Advisory Committee to help develop a unifying framework for the fire service in Alberta; the establishment of a Ministerial Steering Committee to address the recommendations of the Environmental Protection Commission Report; and the public provision of safety awareness information regarding school bus safety, playground zones, child safety seats, seatbelts, bicycle helmets, and impaired driving. Cross-government Pandemic Influenza planning has begun, including planning for continuity of provincial and municipal essential services and Regional Health Authorities' medical treatment efforts. In response to the extensive flooding experienced throughout Alberta in 2005, the Government of Alberta committed $164 million in disaster recovery funding to municipalities, businesses, and homeowners for non-insurable damages.

Discussion of Measures

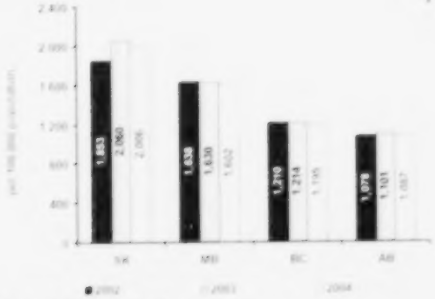
Perceived Seriousness of Crime in the Neighbourhood In 2005-06, the majority of Albertans (60%) felt that crime was not a serious problem in their neighbourhood (those who felt crime was a problem included victims of crime and those with lower income and less education). In addition, 72% of Albertans felt safe walking alone in their neighbourhood at night and 93% felt safe in their own home.

60% of Albertans felt that crime was not a serious problem in their neighbourhood.

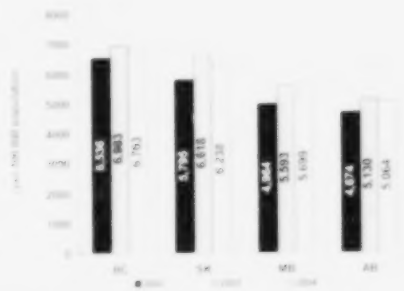
Violent and Property Crime Rates Alberta's violent crime and property crime rates (2004) continued to meet the target, as they were the lowest of the four western provinces. In comparison to the previous year's results, violent and property crime rates improved as both rates decreased. Violent crime decreased to 1,087 per 100,000 population (from 1,101), and property crime decreased to 5,064 per 100,000 population (from 5,130). Although Alberta experienced a slight decrease in violent crime, there were 86 homicides in Alberta in 2004, an increase of 23 from the year before.

Alberta's violent crime and property crime rates decreased.

Violent Crime Rate



Property Crime Rate



In order to address serious, violent, and organized crime, as well as the problems associated with the highly addictive drug crystal methamphetamine (crystal meth), the province implemented and supported several strategies. The Alberta Law Enforcement Response Team (ALERT) was established to enhance the safety and security of Albertans. Under one umbrella, ALERT brings together the Integrated Response to Organized Crime unit, which targets key players in crime networks throughout the province; and the Integrated Child Exploitation unit, which was formed to bring together officers and computer technology analysts from several Alberta police services in order to catch those who use the

GOAL TEN 10 Alberta will be a fair and safe place to work, live and raise families

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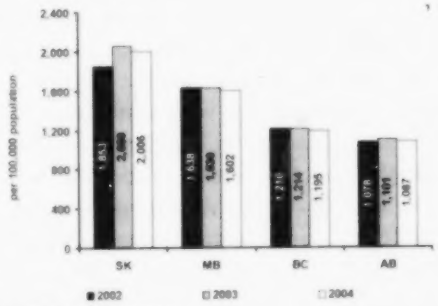
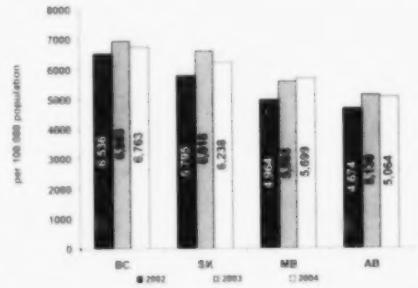


Property Crime Rate



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GOAL TEN 10 Alberta will be a fair and safe place to work, live and raise families

Internet to prey on children. To help address the problems associated with crystal meth, the government initiated a Crystal Meth Task Force and passed Bill 204 in order to limit the availability of medications containing ephedrine and pseudoephedrine, which are components used to produce the drug. Other actions taken by the province to reduce crime and build safer communities included the restoration of the Crime Prevention grants program and the establishment of the Alberta Community Restorative Justice grants program.

The government has undertaken several initiatives to help prevent fraud and ensure the protection and security of personal information. These initiatives include: the distribution of educational materials aimed at increasing public awareness of fraud and identity theft; public seminars on identity theft; working with financial institutions, police, and prosecution services in other provinces to stem the tide of credit/debit card skimming gangs; working with Justice Canada to create new offences under the Criminal Code to address identity theft; the March 2006 fraud awareness campaign; and the establishment of a pilot project that will help to ensure that identity and driving-ability documents are legitimate.

Work Stoppages – An indicator of labour stability in Alberta is the percentage of collective bargaining agreements successfully negotiated and ratified by the parties involved. In 2005-06, the percentage of expired collective agreements that were settled without a legal work stoppage was 98%, which met the 98% target. The resolution of collective bargaining disputes and differences in the interpretation of collective agreements was aided by the 113 mediators and 281 arbitrators appointed by the government.

98% of collective bargaining agreements were settled without a legal work stoppage.

Workplace Lost-Time Claim Rate – The provincial lost-time claim rate decreased slightly from 2.5 in 2004 to 2.4 in 2005, but still did not meet the target of 2.0. This is down considerably from 2.9 in 2002, and is the lowest rate recorded since 1991. A lost-time claim rate of 2.4 represents about 14,000 fewer lost-time injuries each year and over $220 million dollars in direct annual savings to the Workers' Compensation Board as compared to the 2000 rate of 3.4. The government continues to work towards lowering the lost-time claim rate through the Work Safe Alberta initiative.

Effectiveness of Human Rights Protection – According to 2005-06 survey results, the percentage of adult Albertans who felt human rights were "very well" or "fairly well" protected in Alberta decreased slightly from 87.6% to 86.7%. These results were still above the target of 86%.

The Alberta government remained committed to building respectful and inclusive communities by fostering equality, supporting Albertans in reducing discrimination, and helping Albertans resolve human rights complaints. To help increase awareness of human rights and prevent discrimination in the workplace, approximately 90 workshops were held with employees and employers across Alberta. Educational resources were also developed in order to provide clarity in areas such as the rights and responsibilities of Albertans and the human rights complaint process. In addition, stakeholder consultations were held in seven communities across Alberta to help guide future directions for human rights and diversity initiatives.

GOAL TEN 10

Alberta will be a fair and safe place to work, live and raise families

Measures

Societal Measure(s)	2001-02	2002-03	2003-04	2004-05	2005-06
Perceived Seriousness of Crime in the Neighbourhood Percentage of Albertans that feel crime is not a serious problem in their neighbourhood. **Source** Justice and Solicitor General and Public Security Survey of Albertans	65%	62%	55%	60%	60%

Performance Measure(s)	Previous Years' Result(s)			Current Result(s)	2005-06 Target(s)
Violent Crime Rate Alberta's violent crime rate per 100,000 population. **Source** Canadian Crime Statistics, Canadian Centre for Justice Statistics	1,102 (lowest) (2001)	1,078r (lowest) (2002)	1,101r (lowest) (2003)	1,087 (lowest) (2004)	Lowest of four western provinces
Property Crime Rate Alberta's property crime rate per 100,000 population. **Source** Canadian Crime Statistics, Canadian Centre for Justice Statistics	4,413 (lowest) (2001)	4,674r (lowest) (2002)	5,130r (lowest) (2003)	5,064 (lowest) (2004)	Lowest of four western provinces
Work Stoppages Percentage of collective bargaining agreements settled without a work stoppage (strike or lockout). **Source** Human Resources and Employment	93% (2002-03)	99% (2003-04)	99% (2004-05)	98 % (2005-06)	98%
Workplace Lost-Time Claim Rate Number of lost-time claims per 100 person-years worked. **Source** Human Resources and Employment, and Workers' Compensation Board	2.9r (2002)	2.8r (2003)	2.5r (2004)	2.4 (2005)	2.0
Effectiveness of Human Rights Protection Adult Albertans' perception of how well human rights are protected in Alberta. **Source** Community Development – Survey of Albertans	83.7% (2002-03)	84.8% (2003-04)	87.6 % (2004-05)	86.7% (2005-06)	86%

r Revised

Note: Previous year Violent Crime and Property Crime rates are revised annually based on population counts.
Past Workplace Lost-Time Claim Rate results were revised in 2005 to reflect improvements in the data collection methodology, resulting in strengthened industry coverage and a stricter definition of a lost-time claim due to exclusion of claims where workers returned to modified work after an injury and had no time lost.

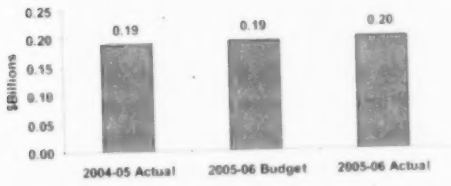
For more information, see the measures methodology at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

GOAL ELEVEN 11 The high quality of Alberta's environment will be sustained

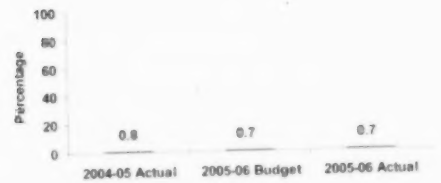
Discussion and Analysis

Albertans expect the environment to be well managed and protected as a legacy for future generations. Clean air, water and land, as well as the sustainable use of Alberta's environmental resources, are basic to Albertans' health, communities and quality of life. The Alberta government takes a leadership role in developing a comprehensive approach and fosters shared responsibility for environmental management and stewardship. In 2005-06, Alberta directed $200 million toward maintaining Alberta's environment.

Goal Eleven Expense



Percent of Total Expense



This goal includes spending of the following ministries: Energy; Environment; Infrastructure and Transportation; and Sustainable Resource Development.

Implementation of Alberta's water strategy, Water For Life: Alberta's Strategy for Sustainability, continued with the intent to achieve safe, secure drinking water for Albertans, healthy aquatic ecosystems and reliable water supplies for a sustainable economy. Work in 2005-06 included a new Oilfield Injection Policy and Guideline for implementation in 2006 to support the recommendations of the Advisory Committee on Water Use Practice and Policy.

Alberta addresses the pressures on water in Alberta through policy, standards, research, partnerships and consultation.

In response to the train derailment at Lake Wabamun and its impact on water quality, the Environmental Protection Commission was established to review and make recommendations on Alberta's ability to respond to environmental incidents. The Commission released its final report in December 2005, listing ten recommendations to strengthen Alberta's disaster response system. The Commission's recommendations will help Alberta achieve a world-class system for managing risks and responding to emergencies including environmental disasters.

During the year, Alberta supported Watershed Planning and Advisory Councils in the Bow, North Saskatchewan, Oldman, and Red Deer river basins. Along with Watershed Stewardship Groups, these will make recommendations to government, stakeholders, and the public on improving water management throughout Alberta's watersheds.

As part of Albertans & Climate Change: Taking Action, the government implemented Canada's first greenhouse gas reporting program for large emitters, working closely with other provinces and the federal government to ensure this program complements a national greenhouse gas-reporting program. Carbon dioxide capture and storage technologies, which are critical to Alberta's climate change strategy, were also broadly endorsed by the United Nations Conference of the Parties as important compliance options for international commitments.

Over the past year, Alberta made progress in increasing the renewable and alternative energy generation portion of total provincial electricity capacity.

In 2005-06, the government established the Sustainable Resource and Environmental Management initiative to improve integration of sustainable resource development and

GOAL ELEVEN 11 The high quality of Alberta's environment will be sustained

environmental policies, develop new, or streamline existing, regulatory and non-regulatory processes, and provide reliable and accessible natural resource and environmental information to stakeholders and the public. Under this initiative, a draft oil sands strategy was released, and an MLA-led Stakeholder Consultation Advisory Group provided recommendations to government on a public consultation process for future oil sands development. Furthermore, in 2005, a stakeholder consultation was held to identify issues, solutions and opportunities for integrating and streamlining upstream oil and gas regulation.

Through the Sustainable Resource and Environmental Management initiative, Alberta aims to become the best natural resource and environmental manager in the world.

In 2005, an initiative was established to develop a provincial Land Use Framework. This framework will provide an over-arching vision and outcomes for land use on public and private land in the province. Development of the framework will engage Albertans in a discussion of current and future land use needs, issues, and opportunities.

To assist government in managing its natural resources in a sustainable manner, a biodiversity monitoring system was designed and tested. It was advanced on several fronts including joint funding of a prototype program in central Alberta and leading discussions on the development and implementation of an operational, province-wide program intended for implementation in 2007. The program will provide an objective, scientifically sound source of information that the government and stakeholders can use to assess status and trends in the province's biological diversity.

Discussion of Measures

Drinking Water Safety Indicator – In 2005-06, 432 of the 554 regulated systems (78%) had treatment technology in place meeting the latest facility design standards, exceeding the target by 19 facilities. This is a net improvement in water quality technology at 23 facilities over the previous year.

Compliance with facility operational requirements improved in 2005-06, with 35 incidents in 28 facilities, a decrease from the previous two years.

In 2005-06, there were 60 water quality incidents that occurred at 51 facilities. The number of incidents decreased from the previous year; however, the number of facilities where these incidents occurred increased slightly. Facilities are required to self-report non-compliance and Environment annually inspects approved facilities and reports the number of non-compliance incidents. The number of government identified incidents remains low in comparison to the number identified by the facility operators. This indicates that immediate action is being taken to correct problems, and that problems are neither sustained nor going unnoticed.

River Water Quality Index – In 2004-05, five out of six river systems continued to have "good" or "excellent" water quality. The exception was the North Saskatchewan River, which was rated as "fair" at the Pakan site, primarily due to increased bacterial counts and, to a lesser degree, nutrient and pesticide concentrations. The majority of Index values show no trend toward degradation in water quality.

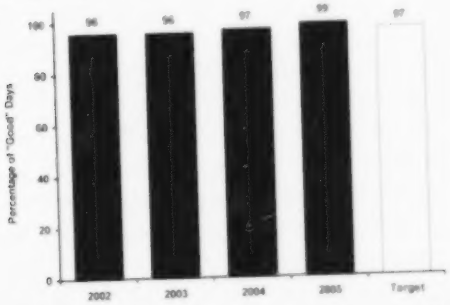
A number of natural and human factors can influence Index values: river flow volume, temperature, the degree of development along rivers, non-point sources of runoff (such as agricultural fields) and point sources of effluent that discharge into rivers. For example, during spring runoff, concentrations of nutrients and metals may exceed guideline values, even in

GOAL ELEVEN 11 The high quality of Alberta's environment will be sustained

"natural" areas, simply because they are present in soils that are washed into river waters.

Air Quality Index – In 2005, Alberta had "good" air quality days occurring 99% of the time, which is higher than the 97% target. Air quality is influenced by a number of factors including vehicle emissions, weather patterns, forest fires and intensity of industrial development.

Air Quality Index

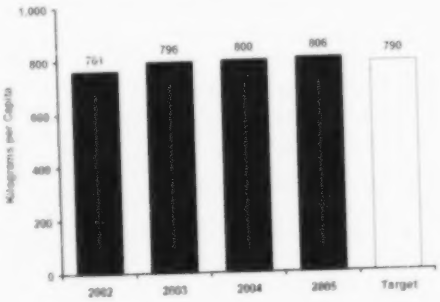


Data for 2004 have been restated to ensure data from all 12 stations are included.

Municipal Solid Waste to Landfills – Municipal solid waste disposed in landfills increased slightly from 800 kilograms per capita in 2004 to 806 kilograms per capita in 2005. The increase is a reflection of Alberta's continued robust economy, as it includes waste from the residential, industrial/commercial/institutional, and construction/renovation/demolition sectors.

Government completed consultations regarding a long-term strategy for waste reduction and management in Alberta in March 2006. A Waste Management Stakeholder Group consisting of representatives from all areas of waste management identified outcomes and strategies to reduce waste, develop the infrastructure required to encourage resource recovery over disposal and ensure environmental protection as changes are implemented.

Municipal Solid Waste to Landfills



GOAL ELEVEN 11 The high quality of Alberta's environment will be sustained

Measures

Performance Measure(s)	Previous Years' Result(s)			Current Result(s)	2005-06 Target(s)
Drinking Water Safety Indicator Measures the ability of regulated facilities to provide safe drinking water. The indicator consists of three separate sub-measures:					
Facility Design Standards – The number of facilities meeting the most recent design standards.	n/a	377 (2003-04)	409 (2004-05)	432 (2005-06)	413
Facility Operational Requirements – The number of incidents where regulatory requirements have not been met that could lead to water quality incidents.	n/a	59 (2003-04)	45 (2004-05)	35 (2005-06)	20
Water Quality – The number of water quality incidents.	n/a	48 (2003-04)	69 (2004-05)	60 (2005-06)	31
Source Environment					
River Water Quality Index Evaluates the water quality of six major Alberta rivers at key sites, based on monthly data on four groups of variables (metals, bacteria, nutrients and pesticides), which are combined to provide an indication of overall water quality. **Source** Environment	6 out of 6 river systems had "good" to "excellent" water quality (2001-02)	5 out of 6 river systems had "good" to "excellent" water quality (2002-03)	5 out of 6 river systems had "good" to "excellent" water quality (2003-04)	5 out of 6 river systems had "good" to "excellent" water quality (2004-05)	6 out of 6 river systems have "good" to "excellent" water quality
Air Quality Index Evaluates the quality of Alberta's air using a minimum of four and up to five major pollutants, one of which must be fine particulate matter – PM2.5 . The other pollutants are: carbon monoxide, nitrogen dioxide, ozone and sulphur dioxide. **Source** Environment, Wood Buffalo Environment Association, Peace Airshed Zone Association, Parkland Airshed Management Zone and Fort Air Partnership	"Good" air quality days 96% of the time (2002)	"Good" air quality days 96% of the time (2003)	"Good" air quality days 97% of the time (2004)*	"Good" air quality days 99% of the time (2005)	"Good" air quality days 97% of the time
Municipal Solid Waste to Landfills Indicates Alberta's progress toward meeting continuous reduction of municipal solid waste placed in landfills as measured in kilograms of waste per capita. **Source** Environment	761 kg per capita (2002)	796 kg per capita (2003)	800 kg per capita (2004)	806 kg per capita (2005)	790 kg per capita

n/a Not available
* Data for 2004 have been restated to ensure data from all 12 stations are included

For more information, see the measures methodology at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

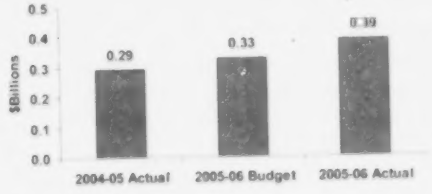
GOAL TWELVE

12 Albertans will have the opportunity to participate in community and cultural activities and enjoy the province's historical resources and parks and protected areas

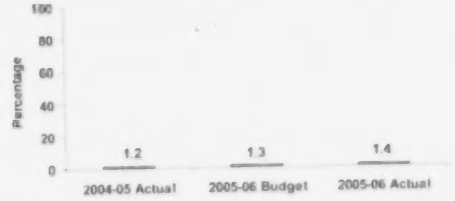
Discussion and Analysis

Albertans' opportunities to participate in community and cultural activities and their enjoyment of the province's historical resources and parks and protected areas are essential elements of a high quality of life. The government facilitates participation in community activities through supporting volunteerism, community service organizations, public libraries, sport and recreation, and arts and cultural activities. The government also preserves, protects and presents Alberta's historical resources, culture and natural heritage through provincial historic sites, museums, interpretive centres and provincial parks and protected areas. In 2005-06, Alberta directed $388 million to support recreation and cultural activities in the province, which includes funding from the Alberta Lottery Fund.

Goal Twelve Expense



Percent of Total Expense



This goal includes spending of the following ministries: Community Development and Gaming.

Discussion of Measures

Visitor Satisfaction with Provincial Historic Sites, Museums and Interpretive Centres – In 2005-06, 98.5% of visitors reported overall satisfaction with their visit to a provincial historic site, museum or interpretive centre. These results remained high, and essentially met the target of 99%. Considerable opportunities for Albertans and visitors to experience the province's rich cultural diversity and heritage were generated through the government's support for cultural events and through the operation of 18 provincial historic sites, museums and interpretive centres. This included centennial celebrations, which were held at all facilities across the province. In addition to the $116.7 million previously awarded through the Centennial Legacies Program, $59 million was awarded to support the development of the Calgary Zoo's Project Discovery, the expansion of the Art Gallery of Alberta, and the construction of a historical square and grand entrance at Calgary Heritage Park. The government also hosted the Royal Visit and a ceremony to commemorate the naming of the Royal Alberta Museum.

Visitors continue to be very satisfied with Alberta's provincial historic sites, museums and interpretive centres.

The Centennial Legacies Program awarded $59 million among the Calgary Zoo, Art Gallery of Alberta, and Calgary Heritage Park.

To increase access to Alberta's historical and cultural resources, the province has been working on providing Internet access to its collections. For example, the Royal Alberta Museum's Creature Collection has had over 58,000 views and the Royal Tyrrell Museum collections database was upgraded to allow for public searches.

The government continued to develop the Municipal Heritage Partnership Program, providing financial support to six municipalities to develop municipal heritage resource management programs. This cooperation with municipalities has contributed to a 41% increase in the number of municipally protected historic places since January 2004 (total of 99 at end of 2005-06).

There has been a 41% increase in the number of municipally protected historic places since January 2004.

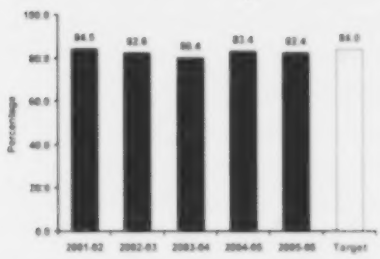
GOAL TWELVE 12 Albertans will have the opportunity to participate in community and cultural activities and enjoy the province's historical resources and parks and protected areas

Visitor Satisfaction with Provincial Parks and Recreation Areas – The 2005-06 Camper Satisfaction Survey results indicated that the targeted 91% satisfaction level was met, as 91.1% of visitors were satisfied with the overall services and facilities at Alberta's provincial parks and recreation areas. This satisfaction is apparent, as Alberta's provincial parks and recreation areas continue to attract over 8 million visits a year. To increase Albertans' appreciation for parks and protected areas, the province developed family-oriented interpretive programs and curriculum based on enviromental education programs. Major revisions and improvements to the Parks and Protected Areas Gateway website were completed to improve customer service and to make publications available to the public online.

Alberta's provincial parks and recreation areas continue to attract over 8 million visits a year.

Participation in Sport and Recreation – The percentage of adult Albertans who participated in sport and recreational activities decreased by one percentage point to 82.4% in 2005-06, remaining slightly below the targeted participation rate of 84%.

Participation in Sport and Recreation



In 2005-06, the government promoted active lifestyles and supported sport and recreational opportunities by directing significant funding to these areas. Additional funding was also provided to provincial sport and recreation associations for programs involving under-represented groups (e.g., girls, women, Aboriginal people and persons with disabilities).

Approximately $9 million in funding was provided to provincial sport and recreation associations, active living agencies, and community-based projects.

The government also encouraged Aboriginal youth to be active through the Alberta's Future Leaders Program, which provided sport and recreation programs to more than 12,700 participants. To further promote active living, the government partnered with community organizations to coordinate an event in which 79,280 Albertans simultaneously walked one kilometre to successfully set a new Guinness Book world record for walking.

Albertans walked their way into the Guinness Book of World Records.

Participation in Arts and Cultural Activities – The percentage of adult Albertans who attended or participated in arts and cultural activities increased from 87.2% in 2004-05 to 88.8% in 2005-06, essentially meeting the target of 89%. Alberta's centennial celebrations, as well as other events supporting Alberta's artists (e.g., Alberta Scene and Alberta Tracks: A Centennial Music Celebration), likely contributed to the increased participation.

Albertans' participation in arts and cultural activities increased, essentially meeting the target rate of 89%.

In support of Alberta's arts and cultural activities, the provincial government awarded approximately $32 million in grants to the development of literary, performing and visual arts, and film. In 2005-06, the unique talents and skills of more than 600 Alberta actors, musicians, writers, dancers and chefs were shared with national and international audiences during the Alberta Scene festival in Ottawa.

GOAL TWELVE 12 Albertans will have the opportunity to participate in community and cultural activities and enjoy the province's historical resources and parks and protected areas

Measures

Performance Measure(s)	Previous Years' Result(s)			Current Result(s)	2005-06 Target(s)
Visitor Satisfaction with Provincial Historic Sites, Museums and Interpretive Centres					
Satisfaction of visitors with experiences at provincial historic sites, museums and interpretive centres.	97.9% (2002-03)	97.7% (2003-04)	97.7% (2004-05)	98.5% (2005-06)	99%
Source: Community Development – Heritage Facilities Visitor Survey					
Visitor Satisfaction with Provincial Parks and Recreation Areas					
Satisfaction of visitors with experiences at provincial parks and recreation areas.	n/a	90.4% (2003-04)	90.9% (2004-05)	91.1% (2005-06)	91%
Source: Community Development – Camper Satisfaction Survey					
Participation in Sport and Recreation					
Participation in sport and recreational activities by adult Albertans.	82.6% (2002-03)	80.4% (2003-04)	83.4% (2004-05)	82.4% (2005-06)	84%
Source: Community Development – Survey of Albertans					
Participation in Arts and Cultural Activities					
Participation in arts and cultural activities by adult Albertans.	89.2% (2002-03)	85.5% (2003-04)	87.2% (2004-05)	88.8% (2005-06)	89%
Source: Community Development – Survey of Albertans					

n/a Data not available

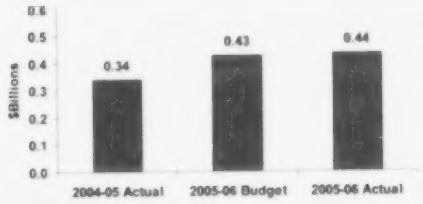
For more information, see the measures methodology at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

GOAL THIRTEEN 13 The vitality and independence of Alberta's seniors will be supported

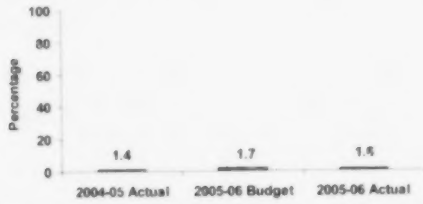
Discussion and Analysis

Alberta's seniors represent a diverse and growing population with a wide array of expectations, skills, lifestyles and social networks. Seniors are active contributors to their communities through work, recreation, caregiving, and volunteering. In 2005-06, the Alberta government directed $435 million toward the well-being and independence of seniors.

Goal Thirteen Expense



Percent of Total Expense



Goal 13 expense amounts were adjusted from those published in the 2005-08 Strategic Business Plan to report lodge assistance funding under Goal 13, instead of Goal 6, as the funding is primarily directed at seniors.

This goal includes spending of the following ministries: Infrastructure and Transportation; and Seniors and Community Supports.

In collaboration with health authorities, other ministries and housing providers, a draft Seniors Supportive Living Framework was developed and communicated to the public.

The Alberta Seniors Benefit funded people in Designated Assisted Living (DAL) at the same level as if they were in Long-term Care. Anyone who was assessed and placed in an identified facility by the health authority will be eligible for this enhanced funding retroactive to January 2006. Increased benefits are intended to help off-set higher accommodation costs that DAL residents incur from increased personal care services.

Low-income seniors were provided assistance with accommodation costs.

Long-term care residents also received additional financial support through the Alberta Seniors Benefit program to assist with the cost of accommodation fees. As of January 2006, approximately 8,900 seniors in long-term care and designated assisted living facilities received an average of $354 per month to assist with their accommodation fees.

The Government of Alberta recognizes the importance of good dental and optical health as a key component of healthy aging. The new dental and optical coverage, which took effect April 1, 2005, is an investment in the good health of Alberta's seniors. The coverage is a progressive, co-pay benefit, which means that benefits are based on income with maximum assistance targeted to lower-income seniors. Seniors who had previously applied for the Alberta Seniors Benefit program were automatically enrolled in this program and did not need to apply. Approximately 14,000 seniors per month are receiving benefits from these programs.

Three new seniors' programs were launched.

The Education Property Tax Assistance for Seniors program was introduced in January 2005 in recognition of concerns raised by senior homeowners about year-to-year increases in the education portion of their property taxes. The government provides an annual rebate to assist senior homeowners facing an increase in the education tax portion of their property taxes. Approximately 53,000 senior households received rebates for the 2005 property tax year.

GOAL THIRTEEN 13 The vitality and independence of Alberta's seniors will be supported

Discussion of Measures

Seniors' Average Total Income – Seniors' Average Total Income in Alberta decreased slightly from 2002 to 2003. The source of income remained the same with 76.2% from non-government sources and 23.8% from government transfers in both years. Government transfers include Old Age Security, Guaranteed Income Supplement, GST rebates and Alberta Seniors Benefit. Non-Government Funded Sources of Income include Canada/Quebec Pension Plan, private pension, investment, RRSP, and employment.

Pensions, retirement savings, and government transfers comprise the majority of seniors' income.

Self-Reported Health Status – Self-reported health status is a good indicator of the health and well-being of Albertans. It is accepted across Canada as a means of reporting on population health. It measures the degree to which Albertans feel healthy compared to others their own age. Survey results indicate that 86% of Albertans aged 65 years and over rated their health as "good," "very good" or "excellent." This is above the target of 80%.

A very high percentage of seniors rated their health as "good," "very good" or "excellent."

Measures

Societal Measure(s)	1999	2000	2001	2002	2003
Seniors' Average Total Income					
Average Total Income*	$29,920	$30,020	$31,897	$31,094	$30,251
Non-government funded sources of income**	75.3%	75.5%	76.8%	76.2%	76.2%
Government transfers**	24.7%	24.5%	23.2%	23.8%	23.8%

Source: Statistics Canada – Small Area and Administrative Data Division

Performance Measure(s)	Previous Years' Result(s)			Current Result(s)	2005-06 Target(s)
Self-Reported Health Status* **					
Rating of Alberta seniors as "excellent," "very good" or "good" (65 years and over).	80% (2003)	78% (2004)	78% (2005)	86% (2006)	80%

Source: HQCA Satisfaction with Healthcare Survey – Health Quality Council of Alberta; Public Survey about Health and the Health System in Alberta, Health and Wellness

* In 2003 constant dollars.

** Note: Non-government funded sources of income include Canada/Quebec Pension Plan, private pension, investment, RRSP, and employment. Government transfers include Old Age Security, Guaranteed Income Supplement, GST rebates and Alberta Seniors Benefit.

*** Results for 2006 were from the 2006 HQCA Satisfaction with Healthcare Survey conducted by IPSOS; results for 2003-2005 were from the Public Survey about Health and the Health System in Alberta conducted by the Population Research Laboratory at the University of Alberta.

For more information, see the measures methodology at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

GOAL FOURTEEN — Alberta will have a supportive and sustainable infrastructure that promotes growth and enhances quality of life

Discussion and Analysis

Effective and sustainable government-owned and supported infrastructure is essential to support the achievement of the province's other goals and to achieving the vision of a vibrant and prosperous province where Albertans enjoy a superior quality of life. Alberta has been experiencing rapid economic and population growth, placing the capacity of the province's infrastructure under pressure. In addition, the province's infrastructure is aging and reinvestment is required to ensure the integrity of existing infrastructure is maintained and public investment is preserved. The Capital Plan provides a structured approach to funding capital projects, bringing sustainability and predictability to capital spending. In 2005-06, the provincial government directed $3,743 million to support Alberta's infrastructure.

Capital Plan Investment

This goal includes Capital Plan spending which is the total value of capital being acquired or directly supported by the provincial government. It includes grants to local authorities for capital purposes, which are also included in Goals 1 to 13, spending on provincial government-owned capital, and the value of projects being alternatively financed. It does not include capital amortization and financing costs.

In 2005-06, the government provided more than $53 million in centennial legacy funding to Alberta communities for improvements to recreational and cultural facilities. The Alberta government also invested over $31 million to repair and replace deteriorating park infrastructure and to ensure a safe and secure drinking water supply. In addition, $8.1 million was provided to complete the construction of visitor centres in Writing-on-Stone, Dinosaur and Cypress Hills Provincial Parks as well as the Boreal Centre for Bird Conservation in Lesser Slave Lake Provincial Park. The Northern and Southern Alberta Jubilee Auditoria were also renovated to improve accessibility, patron sightlines and acoustics. The Auditoria renewal projects were achieved under extraordinary time constraints and opened on time for the centennial celebrations on September 1, 2005.

Centennial legacy funding was used to make improvements to recreational and cultural facilities.

The province implemented the Rural Affordable Supportive Living capital program to provide supportive housing options in rural areas. A total of 41 projects were approved for capital funding assistance in 2005-06 through this program.

There were 18 redevelopment projects focused on facility conversions (e.g., from acute to long-term care), consolidating services, integrating mental health clinics and introducing new service delivery models.

Through affordable housing initiatives delivered by the province, 1,165 new units were supported to address Alberta's affordable housing shortage in high-growth, high-need communities.

The government invested $15 million to provide much needed maintenance and upgrades to some of the province's oldest seniors' lodges. Upgrades will include new roofs, new windows and boiler replacements.

An agreement was signed to transfer federal gas tax funding to municipalities, which also signals a new relationship between all levels of government based on trust, cooperation and respect. The New Deal for Cities and Communities grant provides long-term stable funding to municipalities to support environmentally sustainable infrastructure to ensure cleaner air and water and reduce greenhouse gas emissions.

GOAL FOURTEEN Alberta will have a supportive and sustainable infrastructure that promotes growth and enhances quality of life

The new Alberta Municipal Infrastructure Program was launched providing $3 billion over five years to cities and municipalities for capital projects. The funds are provided for roads and repaving, bridge repairs, transit vehicles and facilities, sewer upgrades, water treatment facility expansions and recreational facilities. These grants provided $600 million in 2005-06 to some 360 municipalities and also provided approximately $17 million for the Resource Road Program.

The new Alberta Municipal Infrastructure Program will provide funding for cities and municipalities for capital projects.

There were 129 projects with a contribution of $10.2 million under the Infrastructure Canada-Alberta Program. Three separate announcements were made in 2005 for projects to improve municipal water/wastewater, storm water systems, and firefighting systems or to improve energy efficiency in municipal buildings. This program is a working partnership between all three levels of government to direct funds toward municipal infrastructure needs in urban and rural communities across the province.

There were 129 projects focused on municipal infrastructure needs in urban and rural communities.

In Edmonton, a six kilometre section of the southwest portion of Anthony Henday Drive was opened between Lessard Road and Terwillegar Drive a year ahead of schedule. The section includes new twin bridges over the North Saskatchewan River and an illuminated pedestrian walkway underneath the bridge deck. The bridges have two lanes and are designed to accommodate four lanes in the future. The road features a concrete surface, which requires less maintenance and will last twice as long before resurfacing is needed compared to traditional asphalt. The new section is part of the Edmonton ring road system and represents an investment of $100 million.

A new section of the ring road system was completed a year ahead of schedule.

The Alberta government provided $47.4 million of the total $120 million shared investment to establish the National Institute of Nanotechnology (NINT). This world class facility located at the University of Alberta is dedicated to integrated, multi-disciplinary research in nanotechnology and will consolidate innovative research of relevance to the strategic priority areas of energy, life sciences and information and communications technology. The NINT facility will officially open in June 2006. NINT was established through a joint initiative between the provincial government, the federal government, the National Research Council and the University of Alberta.

The National Institute of Nanotechnology will focus on priority areas of energy, life sciences and information and communications technology.

Construction of the Alberta SuperNet was completed in September 2005 to 429 rural and urban communities across the province. The network is now operational, enabling high speed internet access and network services through Internet Service Providers. Many of the province's 4,200 learning and health facilities and government offices are now using the Alberta SuperNet, and the number of active Internet Service Providers across the province continues to expand as communities and organizations explore the possibilities the network has to offer.

Alberta SuperNet is available to 429 rural and urban communities.

GOAL FOURTEEN — Alberta will have a supportive and sustainable infrastructure that promotes growth and enhances quality of life

Discussion of Measures

Physical Condition of Health Facilities – The government's long-term goal is to preserve the physical condition of government-owned and supported infrastructure. The government has made a significant commitment to capital investment in health facilities to preserve and expand our infrastructure to improve access to services. For example, the provincial Capital Plan will provide for nearly 2,000 additional acute care beds at various hospitals throughout the province over the next several years. An unprecedented $1.4 billion provincial investment in health infrastructure announced in October 2005 will provide targeted acute care treatment capacity in areas such as surgical, diagnostic, ambulatory and emergency care.

In 2004-05, 96% of health facilities were reported in either "good" or "fair" physical condition, exceeding the target of 95%. Health facilities continue to have high ratings in physical condition. 71% of health facilities were rated in "good" condition. The percentage in "fair" condition increased from 11% in 2003-04 to 25% in 2004-05, due to a number of facilities previously rated "good" shifting into the "fair" category.

The new Edmonton Clinic (Health Sciences Ambulatory Learning Centre) and Alberta Cardiovascular and Stroke Research Centre project (a component of the Mazankowski Alberta Heart Institute) in Edmonton will advance priority research and innovation initiatives for Capital Health and the Health Sciences Faculties at the University of Alberta.

An innovative Health Sciences Ambulatory Learning Centre will address the needs of patients in central and northern Alberta.

The government recognizes the benefits and importance of taking a leadership role in the area of medical research. The new Health Research Innovation Centres at the Universities of Calgary and Alberta will leverage significant federal and other research grants, support economic commercialization and diversification and help retain and attract health care professionals and University faculty.

Physical Condition of Learning Facilities – Measuring the physical condition of schools and post-secondary facilities provides assurance to Albertans that students are provided with safe, effective learning environments. This set of data also assists school boards with prioritizing their capital planning. A new process for the identification of priority school facility projects was designed and implemented, including health and safety concerns and areas where there is high space utilization. The province is also developing a long-term capital plan to increase access for students and enhance the research capabilities at Alberta's public post-secondary institutions. To address program need for increased student access, the province is developing and reviewing business cases for expansion projects.

In 2005-06, 95% of schools were rated in acceptable ("good" or "fair") physical condition, meeting the target of 95%. If sufficient investments continue to be made in revitalizing and/or replacing existing infrastructure, the overall condition of school facilities will continue to increase. The proportion of schools rated as "good" remained the same in 2004-05 and 2005-06. 34% of schools were rated in "fair" condition, down eight percentage points from the 2003-04 result and down two percentage points from the 2004-05 result.

In 2005-06, 90% of post-secondary institutions were rated in acceptable condition, exceeding the target of 86%. This is an improvement over the previous result of 88% in 2004-05. A significant portion of the improvement can be attributed to a change in institutions re-classifying recommended remedial

A high percentage of schools and post-secondary institutions were rated in acceptable condition.

GOAL FOURTEEN — Alberta will have a supportive and sustainable infrastructure that promotes growth and enhances quality of life

events from maintenance items to functional upgrades, which are not included in the measure.

Physical Condition of Government-Owned and Operated Buildings – The percentage of government-owned and operated facilities over 1,000 gross square metres that were rated in acceptable physical condition in 2005-06 was 96%, meeting the target of 96% and is similar to previous years' results. Although the results have been steady over the past few years, many government-owned and operated facilities were built between 1975 and 1985 and are approaching a time when major upgrading or refurbishment will be required to maintain them. There was an increase in the percentage of facilities rated in "fair" condition from 49% in 2003-04 to 53% in 2004-05 and 2005-06 and a decrease in the percentage of facilities rated in "good" condition from 47% in 2003-04 to 44% in 2004-05 and 43% in 2005-06.

The majority of government-owned and operated buildings were rated in acceptable condition.

Physical Condition of Provincial Highways – Highway improvements worth $41 million were initiated within the Wood Buffalo Region on Highways 63 and 881. Construction began on a ten-year program of upgrades. In 2005, work on Highway 63 included four-lane grading, intersection improvements and development of a rest area/commercial vehicle staging area. On Highway 881, 46 km were paved, 70 km of full stage paving commenced and 105 km of second stage paving got underway. The grading of the truck bypass and staging area at Lac La Biche is nearly complete. In 2005-06, 87.1% of highways under provincial jurisdiction were in acceptable physical condition. These results exceeded the target of 86%. Of the 87.1% in acceptable condition, 63% were considered to be in "good" condition and 24.1% in "fair" condition.

A high percentage of highways in Alberta were in acceptable condition.

Effective Water Management Infrastructure – Government continues to rehabilitate and maintain provincially-owned water management infrastructure, which includes physical assets such as dams, canals, and control structures. The province has commenced a cooperative venture with health officials and the Metis Nation of Alberta to develop a long-term plan for monitoring water wells in the hamlet of Marlboro. In 2005, the percentage of the province's water management infrastructure in "fair" or "good" physical condition was 99.1%, slightly below the target of maintaining the 2004 result.

In 2005, the percentage of water management infrastructure in "fair" or "good" condition continued to be very high.

GOAL FOURTEEN 14 Alberta will have a supportive and sustainable infrastructure that promotes growth and enhances quality of life

Measures

Performance Measure(s)	Previous Years' Result(s)			Current Result(s)	2005-06 Target(s)
Physical Condition of Health Facilities					
Percentage in acceptable ("fair" or "good") condition.	n/a	95% (2003-04)	96% (2004-05)	n/a* (2005-06)	95%
Source: Infrastructure and Transportation					
Physical Condition of Learning Facilities					
Percentage of schools in acceptable ("fair" or "good") condition.	n/a	94% (2003-04)	97% (2004-05)	95% (2005-06)	95%
Percentage of post-secondary institutions in acceptable ("fair" or "good") condition.	n/a	84% (2003-04)	88% (2004-05)	90% (2005-06)	86%
Source: Infrastructure and Transportation					
Physical Condition of Government-Owned and Operated Buildings					
Percentage in acceptable ("fair" or "good") condition.	97% (2002-03)	96% (2003-04)	97% (2004-05)	96% (2005-06)	96%
Source: Infrastructure and Transportation					
Physical Condition of Provincial Highways*					
Percentage in acceptable ("fair" or "good") condition.	88.8% (2002-03)	88.8% (2003-04)	88.8% (2004-05)	87.1% (2005-06)	86%
Source: Infrastructure and Transportation					
Effective Water Management Infrastructure***					
Percentage in acceptable ("fair" or "good") physical condition.	n/a	95.9% (1999)	99.5%** (2004)	99.1% (2005)	Maintain 2004-05 values
Source: Environment					

n/a Not available
n/a* The current result for Physical Condition of Health Facilities was not available due to the absence of complete data from external sources. The result for this measure will be reported in the 2005-06 Infrastructure and Transportation Annual Report.
* Physical condition of pavement
** Estimate
*** Includes physical assets such as dams, canals, and control structures.
Note: "Good" is defined as adequate for intended use and expected to provide continued service life with average maintenance. "Fair" means components are aging and nearing the end of their life cycle requiring additional expenditure for renewal or refurbishing.

For more information, see the measures methodology at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

Expense by Goal[1]

(millions of dollars)

	Goal	2004-05 Actual	2005-06 Budget	2005-06 Actual
1	Alberta will have a diversified and prosperous economy[2]	1,900	1,781	**1,762**
2	Albertans will be well prepared for lifelong learning and work	6,370	6,754	**6,903**
3	Alberta's international competitiveness will be enhanced[2]	1,251	1,925	**2,364**
4	Alberta's children and youth will be supported in reaching their potential	760	799	**818**
5	Albertans will be healthy	9,060	9,510	**9,713**
6	Albertans will be self-reliant and independent and those unable to provide for their basic needs will receive help[3]	1,519	1,636	**1,766**
7	The well-being and self-reliance of Aboriginal communities and people will be improved	36	39	**39**
8	Alberta will have a financially stable, open and accountable government	1,083	1,143	**1,056**
9	Alberta will have strong and effective partnerships with municipal, provincial, territorial, federal and foreign governments	394	380	**379**
10	Alberta will be a fair and safe place to work, live and raise families	959	911	**1,168**
11	The high quality of Alberta's environment will be sustained	189	193	**200**
12	Albertans will have the opportunity to participate in community and cultural activities and enjoy the province's historical resources and parks and protected areas	294	328	**388**
13	The vitality and independence of Alberta's seniors will be supported[3]	338	427	**435**
Total Program and Debt Servicing Expense		24,153	25,826	26,991

2005-06 Expense by Goal by Ministry[1, 3]

(millions of dollars)

	Goals													
	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Legislative Assembly								67						67
Aboriginal Affairs and Northern Development							39							39
Advanced Education		1,723												1,723
Agriculture, Food and Rural Development	1,060													1,060
Children's Services				818										818
Community Development										6		304		310
Economic Development	43		36											79
Education		4,600												4,600
Energy	142							45			14			201
Environment											143			143
Executive Council								25						25
Finance	18				51			182	282	23				556
Gaming	143							10				84		237
Government Services	4							3		79				86
Health and Wellness					9,198									9,198
Human Resources and Employment	5	270	2			450		15		38				780
Infrastructure and Transportation	17	310	2,321		379			370		34	24		7	3,462
Innovation and Science	197													197
International and Intergovernmental Relations									10					10
Justice						50				252				302
Municipal Affairs								30	87	182				299
Restructuring and Government Efficiency								61						61
Seniors and Community Supports					95	1,252							428	1,765
Solicitor General and Public Security						14				402				416
Sustainable Resource Development	133		5							152	19			309
Total Program Expense	1,762	6,903	2,364	818	9,713	1,766	39	808	379	1,168	200	388	435	- 26,743
Debt Servicing Costs	-	-	-	-	-	-	-	248	-	-	-	-	-	- 248
Total Program and Debt Servicing Expense	1,762	6,903	2,364	818	9,713	1,766	39	1,056	379	1,168	200	388	435	- 26,991
Pension Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	200 200
Total Expense	1,762	6,903	2,364	818	9,713	1,766	39	1,056	379	1,168	200	388	435	200 27,191

[1] The allocation of expense by goal is derived from the Expense by Function amounts in the 2005-06 Consolidated Statement of Operations. For Goal 14 see Capital Plan Investment under the Goal 14 Discussion and Analysis.

[2] The outcomes of Goals 1 and 3 are complementary, therefore, spending on either goal significantly affects the outcome of the other goal. Spending is allocated to the respective goals based on the current priority of the program spending.

[3] Goal 6 expense amounts were adjusted from those published in the 2005-08 Strategic Business Plan to report lodge assistance funding under Goal 13 instead of Goal 6, as the funding is primarily directed at seniors.

Expense by Core Business[1]

(millions of dollars)	2004-05 Actual	2005-06 Budget	2005-06 Actual
Health (Linked to Goal 5)	9,060	9,510	**9,713**
Education (Linked to Goal 2)	6,370	6,754	**6,903**
Human Support Services (Linked to Goals 4, 6 and 13)	2,458	2,684	**2,721**
Transportation, Communications and Utilities (Linked to Goals 1 and 3)	1,225	1,889	**2,329**
Agriculture, Resource Management and Economic Development (Linked to Goals 1 and 3)	1,926	1,816	**1,798**
Protection of Persons and Property (Linked to Goal 10)	959	911	**1,168**
Regional Planning and Development (Linked to Goals 7 and 9)	421	409	**408**
Recreation and Culture (Linked to Goal 12)	294	328	**388**
Environment (Linked to Goal 11)	189	193	**200**
Housing (Linked to Goals 6 and 13)	160	179	**298**
General Government (Linked to Goals 8 and 9)	789	862	**817**
Total Program Expense	23,851	25,535	26,743
Debt Servicing Costs (Linked to Goal 8)	302	291	**248**
Total Program and Debt Servicing Expense	24,153	25,826	26,991
Pension Provisions	176	141	**200**
Total Expense	24,329	25,967	27,191

[1] The government's core businesses correspond to the Expense by Function amounts in the 2005-06 Consolidated Statement of Operations except for Human Support Services which corresponds to the Social Services expense function. See Core Businesses Key below.

Core Businesses Key

The following is a brief description of the general areas of the government's work for each of its core businesses.

Agriculture, Resource Management and Economic Development – includes programs and services related to agriculture, fish and game, oil and gas, forestry, economic development for industry and trade, tourism and other economic sectors, labour force development and immigration, and research establishments. Also includes provincial grants for related capital infrastructure.

Debt Servicing Costs – includes interest and other charges pertaining to servicing of the public debt, including debt-servicing costs for accumulated debt obligations, which are matched to investments locked into the Debt Retirement Account.

Education – includes early childhood services to secondary education (e.g., school boards, schools, teachers, curricula, textbooks and classroom resources), post-secondary education (e.g., universities, colleges, apprenticeships, industry training and support to adult learners) and retraining (skills upgrading). Also includes provincial grants to local authorities for related capital infrastructure.

Environment – includes programs and services related to sustainable environmental management, ensuring safe and adequate supplies of water, actions taken on climate change and protection of the land.

General Government – includes the Legislature, the Lieutenant Governor, government and legislative staff and officials, international and intergovernmental relations, and general administration (including budgeting and accounting, tax and revenue collection, and communications).

Health – includes health services for all Albertans, including hospital services, medical care, drug programs, preventive care, x-rays, alcohol and drug rehabilitation, and health services for persons with disabilities. Also includes provincial grants to local authorities for related capital infrastructure.

Housing – includes housing of seniors, low-income families and those with special needs. Also includes provincial grants for related capital infrastructure.

Human Support Services – includes services for people in need including child protection services, income support for adults and seniors, services for victims of crime, provision of legal aid, supports for people with disabilities and support for those unable to work due to illness or disability.

Protection of Persons and Property – includes programs and services related to public security, policing, the judicial system, human rights, maintenance enforcement, firefighting, related regulation, labour relations, safe work environments, and correctional and rehabilitation services.

Recreation and Culture – includes programs and services related to recreation, sport, culture, historical artefacts and sites, museums, libraries, and provincial parks and protected areas. Also includes provincial grants for related capital infrastructure.

Regional Planning and Development – includes community and regional development affairs and services including planning and zoning, Aboriginal communities, and land claim negotiations and settlements.

Transportation, Communications and Utilities – includes programs and services related to provincial transportation including air, road and rail transport, telecommunications, pipelines, and gas and electricity utilities. Also includes provincial grants to local authorities for related capital infrastructure.

Aboriginal Policy Initiative

The Aboriginal Policy Initiative (API) provides a mechanism for Alberta ministries to work together to address issues facing Aboriginal communities and people. The API is one way to address the commitments in Alberta's Aboriginal Policy Framework. The API's purpose is to improve the well-being and self-reliance of Aboriginal people while ensuring that federal roles and responsibilities for Aboriginal peoples are respected.

The API was identified as a priority cross-ministry initiative in 2000-01 and each subsequent year until 2005-06. Over these five years the API has focused on building partnerships, developing collaborative and practical solutions, and strengthening relations between government, Aboriginal communities, industry and other partners. Partnerships and relationships are the foundation for finding long-term solutions to the complex issues involved in improving the well-being and self-reliance of Aboriginal communities and people in Alberta.

In 2005-06, API partnering ministries worked collaboratively to address four priority areas. Seventeen targets were identified under these objectives and each was achieved or exceeded.

Improve the health status and well-being of Aboriginal people.

Significant achievements toward this objective included: provision of leadership and recreation programming to youth in 19 Aboriginal communities; increased awareness and training initiatives for the prevention of HIV, diabetes and addictions; and, development of an Aboriginal Mental Health Framework.

Support lifelong learning opportunities for Aboriginal people and promote appreciation of Aboriginal cultures.

Significant achievements toward this objective included: increased Aboriginal enrollment in apprenticeship programs to over 1,100 participants; creation of Parent Link Centres with an Aboriginal focus; and completion of a needs assessment for on-reserve public library services.

Improve the participation by Aboriginal people in the Alberta economy.

Significant achievements toward this objective included: completion of SuperNet construction to 120 First Nations sites; expansion of the Alberta Aboriginal Apprenticeship Project to Calgary and Lethbridge; and collection of baseline data for off-reserve Aboriginal employment rates.

Clarify federal/provincial/Aboriginal roles and responsibilities.

Significant achievements toward this objective included: development of a Government of Alberta First Nations Consultation Policy on Land Management and Resource Development; and collaboration with external partners to develop and implement urban Aboriginal initiatives in Calgary, Edmonton, and Lethbridge.

For more information, see the cross-ministry initiatives at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

Alberta Children and Youth Initiative

Since 1998, the Alberta Children and Youth Initiative (ACYI) has sought to achieve a single purpose – to support the healthy development of Alberta's children and youth through the joint efforts of provincial government ministries, local boards and authorities, families and communities. No single ministry can address the full scope of issues related to children and youth. Navigating through multiple programs and policies can be challenging for parents and professionals who want to access provincial services for children and youth. A coordinated, government-wide effort continues to be critical to ensure that services are integrated and responsive to the needs of children, youth, and families.

ACYI worked collaboratively to implement initiatives that address the following four priority objectives for 2005-06:

Children and youth are well cared for, safe, successful at learning and healthy.

ACYI partners worked together to implement initiatives such as an integrated response to family violence and bullying, continued support for early childhood development and positive parenting skills, and initiatives to prevent sexual exploitation of children and youth.

Families with children and youth with special and complex needs (developmental disabilities, physical and sensory disabilities, health conditions and/or emotional/behavioural disabilities) will benefit from coordinated assessments of needs and integrated planning and delivery of services and supports.

Key accomplishments include providing targeted information to parents through the Child Disabilities Resource Link telephone line; expanding a multi-disciplinary model for assessing needs and planning services for children with severe disabilities; developing a cross-ministry strategic approach to address issues related to speech-language services and Fetal Alcohol Spectrum Disorder in the province; and developing a transitional planning protocol for youth with disabilities.

Children and youth are supported and assisted in making successful transitions in their life, from birth to adulthood.

Highlights of achievements include proclamation of the *Family Law Act* on October 1, 2005. This new legislation brought all current family law enactment under one piece of legislation. Ten Youth Networks have been established in the province to provide youth with a voice, engage them in their communities and support their future growth and success. Through coordinated efforts with ACYI and strong leadership at the community level, Aboriginal communities are continuing to take positive steps to reduce suicide rates for Aboriginal youth.

Ministries and regions increase their capacity to collaboratively plan and deliver services that promote the well-being of children, youth and families.

ACYI partners worked together to enhance integrated and coordinated service delivery for children and youth by delivering cross-sector learning opportunities on collaborating, engaging families, conflict resolution and partnerships, and information sharing. Videoconferencing sites were also established in key areas across the province to enhance distance planning and delivery of services for children, youth and families.

For more information, see the cross-ministry initiatives at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

The purpose of the 2005-06 Economic Development and Innovation Initiative (EDII) was to promote economic development and innovation.

A number of significant achievements were accomplished in 2005-06 through ministries working together with business, industry, communities, public institutions and other stakeholders. Some of them are noted below.

To attain this goal, four objectives were established:

Achieving a more sustainable, innovative and broadly-based economy, built on the strength of our natural capital.

Bilateral negotiations with the Government of British Columbia aimed at signing a trade enhancement agreement were concluded and the agreement is expected to come into force in 2007. In 2005, the Alberta office in Washington, D.C. began its operations, significantly raising the level of knowledge and understanding in the United States capital of Alberta's key role in the United States energy sector. Machinery and equipment investment in value-added manufacturing and business services increased by 13%, exceeding the 5% target. Additional funding was contributed to endowment funds: $100 million to the Alberta Heritage Science and Engineering Research Endowment Fund, and $200 million to the Alberta Heritage Foundation for Medical Research. In Budget 2006, $100 million was committed to establish a Rural Development Fund and $500 million for a new Alberta Cancer Prevention Legacy Fund.

Enhancing the value-added capacity of the natural resources sectors.

The development of a business case to attract and promote investment in upgrading and refining bitumen into higher value products was advanced through completion of the Bitumen Integration Study. Substantial funding, totalling $85 million was allocated to agri-food research, development and commercialization. New criteria for forest tenure renewal were approved. As part of the EnergyINet Strategy, EnergyINet was incorporated and the Innovative Energy Technologies Program was created. Substantial progress was made to implement monitoring and reporting of actual water use by all sectors, as well as to develop a land use policy review process. The Sustainable Resource and Environment Management (SREM) Framework was further implemented through establishment of the SREM Office, and several project specific steering committees and teams.

Building vibrant and sustainable communities.

Eight significant regional economic development projects were further developed to build vibrant and sustainable communities. Construction of Alberta SuperNet in 402 rural communities and 27 urban communities was completed, enabling high-speed Internet access to thousands of facilities in the province. An Integrated Manure Utilization System was developed to turn livestock manure into energy, bio-based fertilizers and reusable water. The Minister's Council on Municipal Sustainability was established to assist with clarifying provincial/municipal roles, responsibilities and resources. In addition, 360 municipalities benefited from an increase of $600 million per year in capital grants for addressing their infrastructure backlogs.

Ensuring appropriate infrastructure and transportation to support Alberta's economic growth and innovation.

Major steps were made to ensure appropriate infrastructure and transportation including the approval of a Capital Plan with priority infrastructure investments, the development of cross-ministry guidelines for infrastructure investments and a draft of the Alberta Multi-Modal Strategic Infrastructure Plan.

Considerable work has been accomplished during the 2005-06 year. Continuing work will be managed through the relevant ministries and incorporated in their business plans.

For more information, see the cross-ministry initiatives at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

Health Innovation and Wellness Initiative

The purpose of the Health Innovation and Wellness Initiative (HIWI) was to optimize Albertans' health by implementing policies and programs that address the key determinants of health, reduce chronic disease and injury, and protect public health from emerging threats. HIWI also sought to better meet Albertans' expectations for accessible and high quality health services by streamlining and coordinating health and social supports, and improving models of care.

As such, in 2005-06, the HIWI focused key efforts on the following:

Optimize Albertans' health by working collaboratively to reduce chronic disease and injury, and protect public health from emerging threats.

- The Healthy U campaign, Young Family Wellness Initiative, Diabetes Prevention campaign, and Tobacco Reduction Strategy all raised the awareness of health promoting behaviors.
- Youth detoxification services were enhanced with Alberta Alcohol and Drug Abuse Commission (AADAC) opening 24 new youth detoxification and inpatient treatment beds in Edmonton and Calgary.
- A Pandemic Contingency Plan is being developed, with the draft plan to be completed by June 30, 2006. A cross-ministry government Influenza Plan is also being drafted and will be exercised in May 2006.

Enhance the accessibility, quality and "seamlessness" of community services to better meet the expectations of Albertans.

- Continuing care services were enhanced. The MLA task force released the Achieving Excellence in Continuing Care report, and Regional Health Authorities (RHAs) have begun implementing the recommendations. RHAs implemented aging-in-place strategies resulting in more Albertans receiving community-based continuing care services, and 1,225 new Rural Affordable Living spaces were approved for development exceeding the original goal of 750.
- AADAC successfully implemented two pilot projects designed to enhance addictions and mental health services. An urban-based project focused on ensuring a seamless continuum of services for patients, while a rural-based project focused on enhancing access to services for youth and their families in rural and remote areas.

Implement integrated policy options for health system innovation.

- As of March 1, 2006, 14 Local Primary Care Networks are in operation across the province, with another 15 in various stages of development. This exceeded the original target of 12.
- $25 million in Health Sustainability Initiative funds were distributed to 18 projects to help facilitate utilization and functionality of health facilities.
- The International Symposium on Health was successfully held in Calgary on May 3-5, 2005 and helped lay the groundwork for one of government's top eight priorities: Improving Alberta's Health System – The Third Way.

For more information, see the cross-ministry initiatives at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

CROSS-MINISTRY INITIATIVE

LLSWI

Leading in Learning and Skilled Workforce Initiative

The Leading in Learning and Skilled Workforce Initiative (LLSWI) was a collaborative partnership among government ministries working together to ensure that an excellent learning system is available to meet the varying needs of Alberta learners of all ages.

Learner success is essential to sustaining Alberta's social and economic wealth whether as a health determinant, a prerequisite of responsible citizenship, or as an economic driver. As Albertans continue to engage in a technologically-driven, rapidly changing, and increasingly global world, learner success will be critical. However, Albertans will not only need to learn new knowledge and skills, they will also need the ability and motivation to learn continuously throughout life. Alberta students should learn how to learn, seek ideas and information, collaborate with others, and know how to apply what they learn. This approach to learning will serve to help all Albertans, including the aging population, keep pace with the changing demands of the knowledge economy. In short, Alberta's continued prosperity is dependent on a strong culture of lifelong learning – a culture that values learning that occurs at any stage in an individual's life, through different learning styles, in a variety of environments, and for a variety of purposes.

The purpose of the LLSWI was to have the best learning system in Canada where Albertans acquire and apply leading edge knowledge and skills to foster innovation, to ensure a highly skilled, knowledgeable workforce, and to enjoy a high quality of life while being active and responsive citizens.

Alberta's 2005-06 LLSWI had four objectives:

- **provide high quality, accessible and affordable learning opportunities to ensure that Albertans have the opportunities to learn, adapt and develop new knowledge and new skills;**
- **assist Albertans to achieve their full potential and to foster a superior quality of life for Albertans;**
- **ensure a sufficient supply of human capital to meet Alberta's economic growth; and**
- **ensure sustainability and innovation within the learning system.**

Notable achievements for 2005-06 in support of the LLSWI objectives included:

- the Alberta Initiative for School Improvement, which provided funding for over 450 local innovative programs and projects now underway in the Kindergarten to Grade 12 system;
- an investment of over $551 million in just two years (three years ahead of schedule) in support of the 87 accepted recommendations of Alberta's Commission on Learning;
- an additional investment of $433 million over three years, operating budgets for post-secondary institutions are increasing, new and expanded scholarship programs are being created, and thousands of new student spaces are being added;
- Albertans applying online for student loans, grants and bursaries now have access to a new online financial application system that allows instantaneous processing;
- the Supporting Immigrants and Immigration to Alberta policy was released this year. It aims to attract and retain more immigrants to the province to help fill the skills shortage; and
- in support of research and skills development in the energy, agriculture and forestry sectors, an estimated $22.4 million was invested through the Alberta Science and Research Investment Program.

For more information, see the cross-ministry initiatives at http://www.finance.gov.ab.ca/publications/measuring/measup06/index.html

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